



asianpaints

ANNUAL REPORT 2010 - 2011





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### **Board of Directors**

ASHWIN CHOKSI  
Chairman  
  
ASHWIN DANI  
Vice Chairman  
  
ABHAY VAKIL  
  
P.M. MURTY  
Managing Director & CEO  
  
MAHENDRA CHOKSI  
AMAR VAKIL  
Mrs. INA DANI\*  
Ms. TARJANI VAKIL  
DIPANKAR BASU  
MAHENDRA SHAH  
DEEPAK SATWALEKAR  
R.A. SHAH  
DR. S. SIVARAM  
S. RAMADORAI

### **Company Secretary**

JAYESH MERCHANT

### **Audit Committee**

Ms. TARJANI VAKIL  
Chairperson

DIPANKAR BASU  
MAHENDRA SHAH

### **Shareholders / Investors Grievance Committee**

MAHENDRA SHAH  
Chairman  
  
ABHAY VAKIL  
P.M. MURTY  
MAHENDRA CHOKSI  
Mrs. INA DANI

### **Remuneration Committee**

DIPANKAR BASU  
Chairman  
  
Ms. TARJANI VAKIL  
DEEPAK SATWALEKAR

### **Share Transfer Committee**

ABHAY VAKIL  
Chairman  
  
ASHWIN CHOKSI  
ASHWIN DANI  
JAYESH MERCHANT

### **Ad hoc Committee**

DEEPAK SATWALEKAR  
Chairman  
  
Ms. TARJANI VAKIL  
DIPANKAR BASU  
MAHENDRA SHAH

### **Auditors**

SHAH & CO.  
Chartered Accountants

B S R & ASSOCIATES  
Chartered Accountants

\* Appointed as an Additonal Director w.e.f. 27<sup>th</sup> July, 2010

## DIRECTORS



ASHWIN CHOKSI



ASHWIN DANI



ABHAY VAKIL



P.M. MURTY



MAHENDRA CHOKSI



AMAR VAKIL



Mrs. INA DANI



Ms. TARJANI VAKIL



DIPANKAR BASU



MAHENDRA SHAH



DEEPAK SATWALEKAR



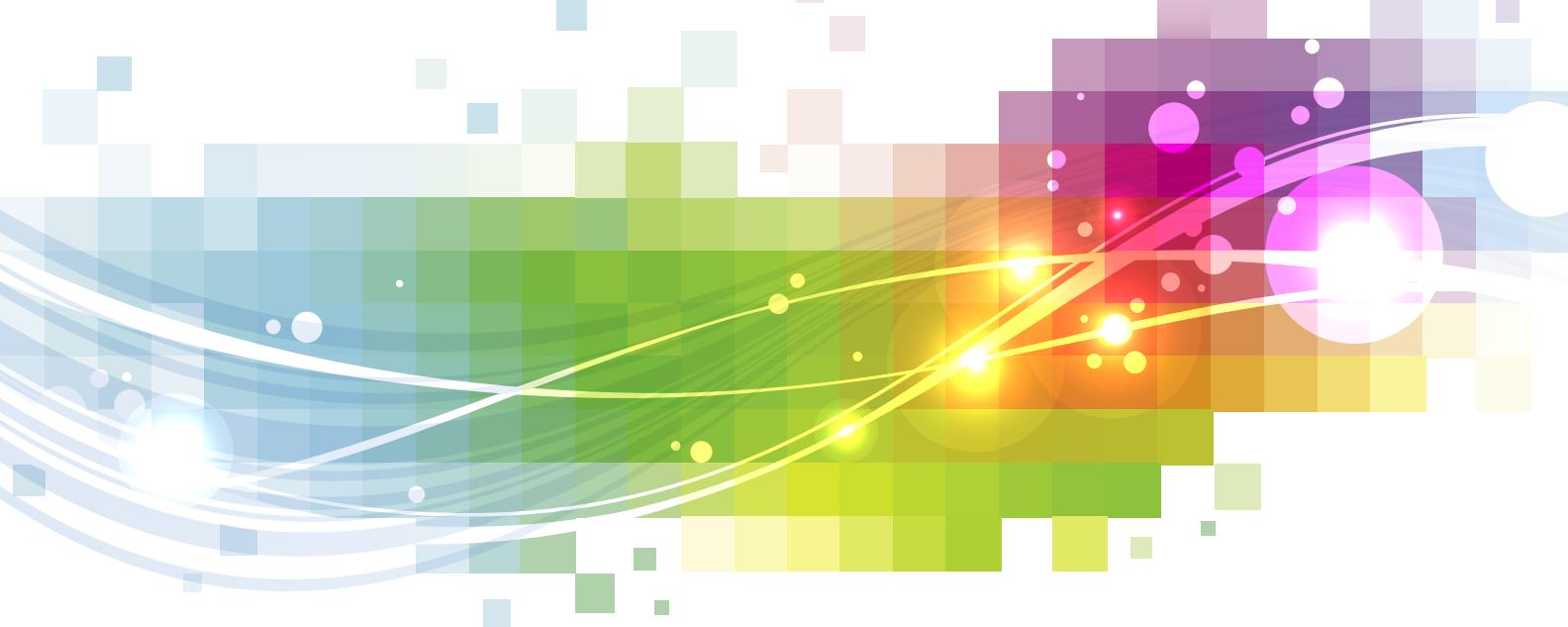
R.A. SHAH



DR. S. SIVARAM

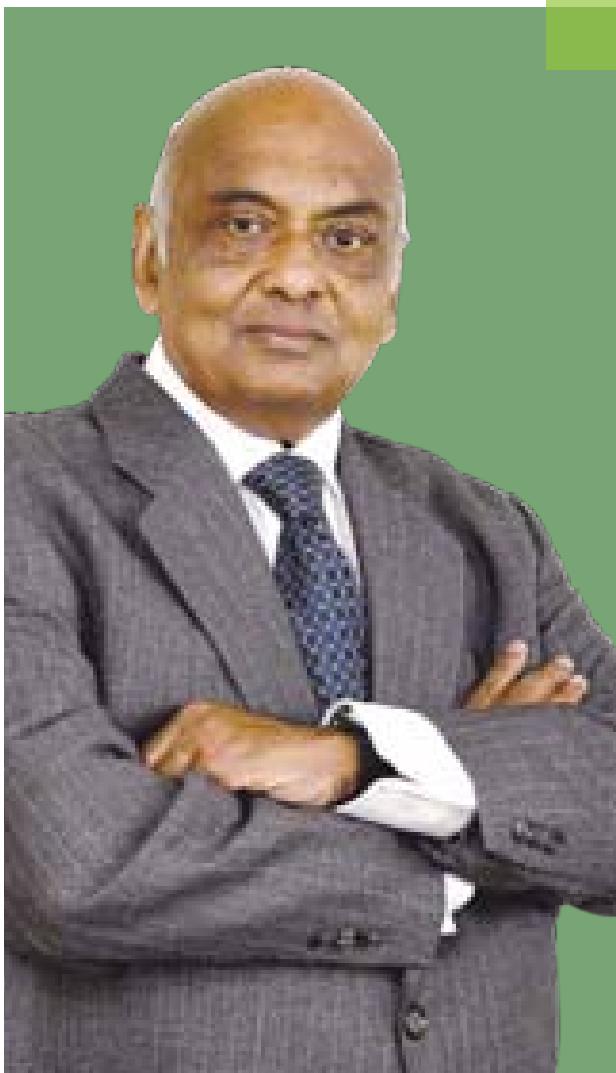


S. RAMADORAI



## CHAIRMAN'S LETTER

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*Dear Shareholders,*

It is my privilege to communicate with you at the end of another successful year for Asian Paints.

The financial year 2010-11 was one in which both the world as well as the Indian economy showed resilience. While the global economy rebounded amidst fears of a double-dip recession, the Indian economy surged ahead on the back of its strong fundamentals. There were and are concerns that cannot be ignored: high inflation and shortage of liquidity in India; the aftermath of the dreadful earthquake and tsunami in Japan; sovereign debt crisis in several countries in the EU; and uprisings in the Middle East and the impact on oil prices. These have had and continue to have an impact on the business environment.

The biggest impact on your Company was high increase in material costs. This was primarily due to spiraling cost of key items like titanium dioxide, monomers, crude-based derivatives, etc.

In spite of this, your Company achieved a revenue growth of 23.4% while net profit remained flat in its standalone operations. This makes it a 5 year CAGR of 22.2% in revenue and 32.9% in net profits.

Our Decorative business achieved good growth aided by buoyant demand across geographies. It's interesting to note that demand from rural and smaller towns were significantly better than large cities and towns of the country.

Due to high inflation in material prices, five price increases aggregating 12% were implemented during the year.

We persisted with our mission of building strengths and capabilities for the future which will help us achieve long term market growth to further consolidate our leadership position. The focus continued to be on initiatives to increase customer satisfaction, improving our product mix, expanding the dealer network and enhancing our manufacturing and supply chain capabilities. We feel that our stress on customer centricity will go a long way in creating a sustainable and competitive advantage for your Company.

To keep pace with the increasing demand for our decorative coatings year-on-year, your Company is continually investing in augmenting its manufacturing capabilities. In April 2010, the state-of-the-art manufacturing facility at Rohtak in Haryana was commissioned with an initial capacity of 150,000 Kilo Liters (KL) per annum. Your Company plans to increase the installed capacity at this plant to 200,000 KL per annum by fourth quarter of FY 2011-12. You will be also happy to learn that construction work for your Company's proposed seventh decorative paint plant in Khandala, Maharashtra has commenced after obtaining the requisite permissions. Your Company expects to commission this plant by end of FY 2012-13 with an initial capacity of 300,000 KL per annum.

Your Company's Joint Venture with PPG Industries Inc., Asian PPG Industries Limited performed well aided by good demand for automotive coatings. Although demand environment for non-automotive industrial coatings was challenging in FY 2010-11, we are optimistic about the growth opportunities that exist in this segment going ahead. A testimony to this optimism is the announcement of our plans to enhance the fourteen year old relationship with PPG by forming a new 50:50 joint venture for servicing the protective, powder coatings, industrial containers and light industrial coatings markets. This new joint venture will leverage PPG's technology and global customer relationships while continuing to build on Asian Paints' customer base, manufacturing footprint, distribution channels and local relationships.

FY 2010-11 was a challenging year for our International Business Unit with many of our overseas subsidiaries still impacted by global economic slowdown. The recent uprisings in Egypt and Bahrain, which were markets that were performing well, have added to the uncertainty; normalcy is yet to return to those two markets. Our South Asian units in Nepal, Sri Lanka and Bangladesh, however, proved to be the silver lining as they registered good growth during the period. The International Business Unit is now well positioned to capitalize on growth opportunities that may emerge,

after having divested its loss making subsidiaries in South East Asian market in the financial year 2009-10.

While there is still some nervousness about the global economy, India seems firmly set on the growth path. Consumer demand is strong, exports are rising and investment is picking up. Most important, the macro-fundamentals of our economy are sound despite factors like high inflation.

The road ahead for FY 2011-12 is not devoid of obstacles; some immediate ones being the surging inflation in raw material prices which is putting pressure on margins, suppressed demand conditions in the Middle East and Caribbean regions and the uncertainties prevailing in the global economy specifically with respect to sovereign debt crisis in some of the European Union countries which could have global repercussions on demand conditions. But your Company has always risen above challenges; driven by its resilience, foresight and strategic direction and I am sure this year will be no different.

Your Company has always followed the highest standards of Corporate Governance and considers it as more of an ethical requisite than a regulatory necessity. It's a matter of great pride that our success over the years, have come without ever compromising on integrity, our environmental and social obligations or regulatory compliance. Moreover, going ahead we commit to continually update and strengthen your Company's governance structures.

Success of any business enterprise like your Company can only be possible because of its employees and people who put in unrelenting efforts to rise to excellence. I would like to reiterate that your Company's employees are its greatest asset and it is entirely due to their hard work, perseverance, commitment and dedication that your Company has been able to deliver superior growth and value creation with every passing year. I sincerely thank all our shareholders, business partners and our customers for the continued support and faith reposed in your Company. I would like to assure you that your Company would continue to remain committed to deliver strong growth and enhance shareholder and customer value in every possible way we can.

Warm regards,

Yours sincerely,



Ashwin Choksi

# HIGHLIGHTS

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## Standalone

**Net Sales & Operating Income**  
increased by 23.4% to ₹ 6,322.2 crores

**PBDIT**  
increased by 6.8% to ₹ 1,232.7 crores

**State-of-the-art paint manufacturing facility**  
commissioned at Rohtak in Haryana with an initial capacity of 150,000 KL  
per annum scalable to 400,000 KL per annum

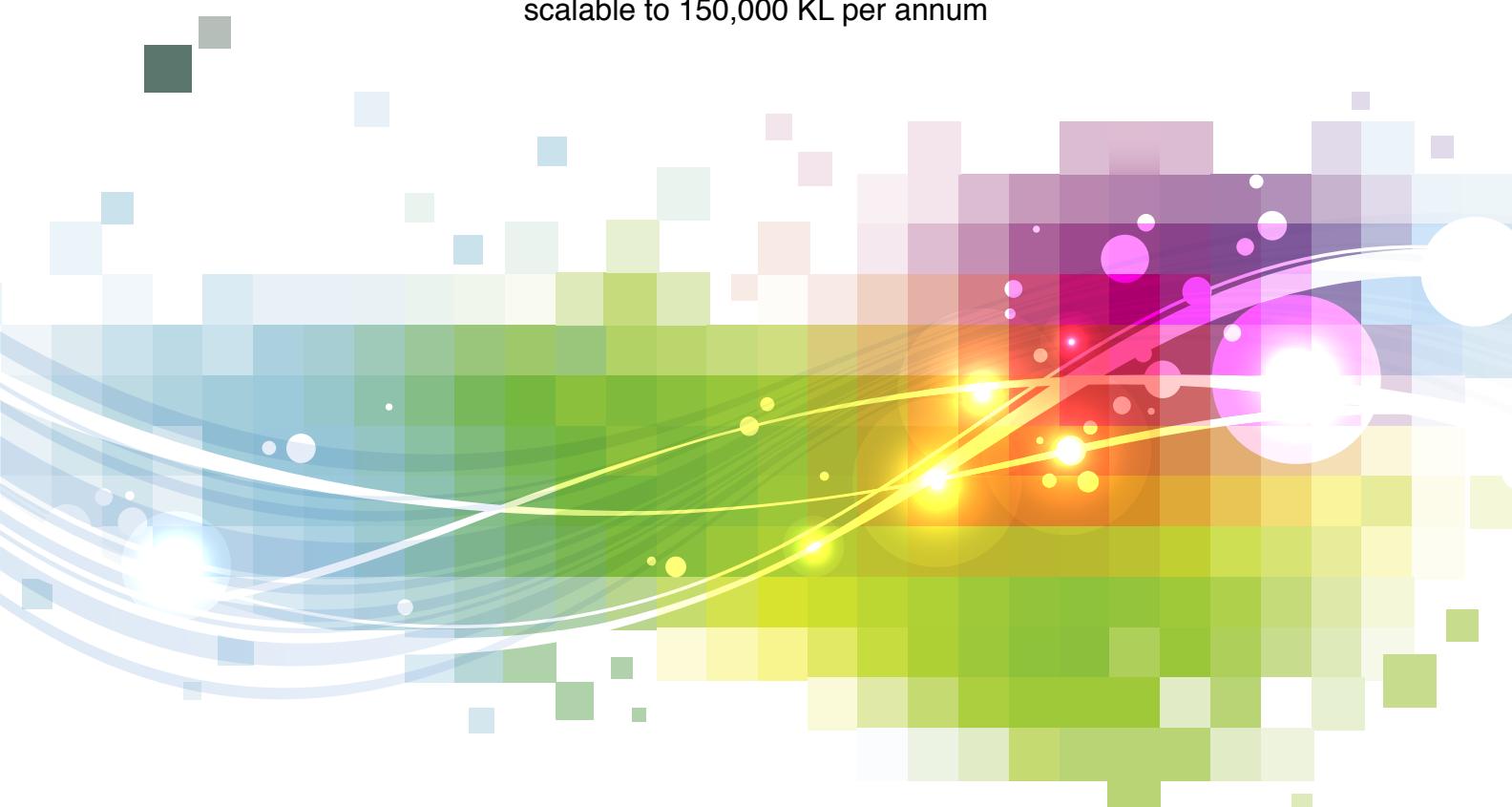
**The Board of Directors**  
have recommended a final Dividend of ₹ 23.5 (Total Dividend for the year is ₹ 32)

## Group

**Net Sales & Operating Income**  
for FY 2010-11 increased to ₹ 7,706.2 crores

**PBDIT**  
for FY 2010-11 stood at ₹ 1,395.6 crores

**New paint manufacturing facility**  
set up at Egypt with an initial capacity of 50,000 KL per annum  
scalable to 150,000 KL per annum



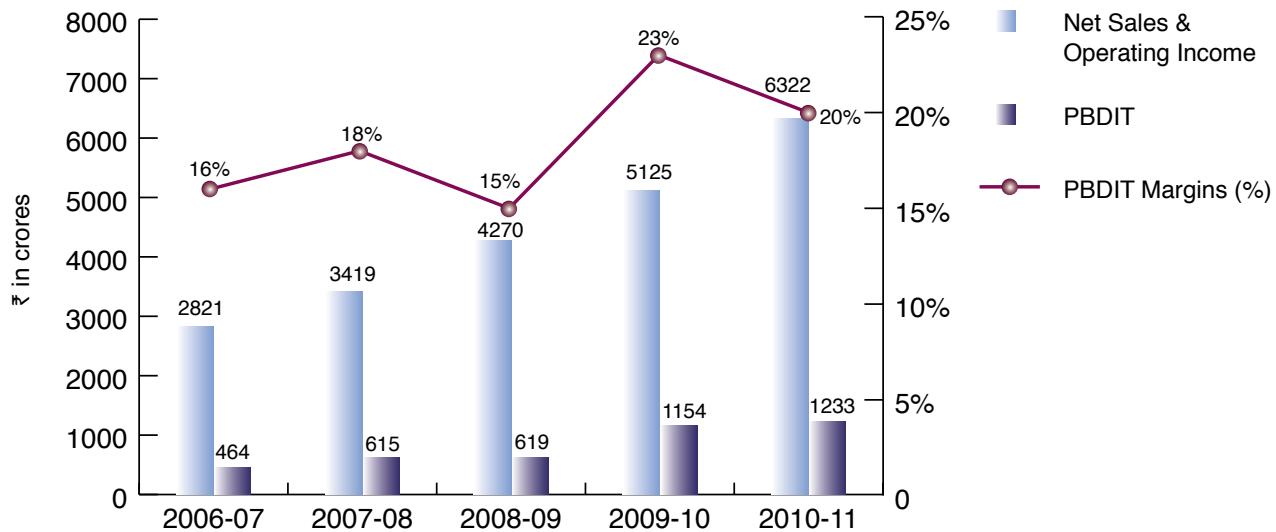
# TEN YEAR REVIEW (STANDALONE)

	(₹ in Crores except per share data, number of employees, number of shareholders and ratios)									
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>RESULTS FOR THE FINANCIAL YEAR</b>										
<b>REVENUE ACCOUNT</b>										
Gross Sales	7,202.0	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
Net Sales and Operating Income	6,322.2	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
Growth Rates (%)	23.4	20.0	24.9	21.2	21.7	18.7	15.2	10.5	11.9	11.2
Materials Cost	3,646.9	2,840.2	2,606.9	1,986.1	1,660.7	1,351.7	1,128.4	943.6	807.1	727.5
% to Net Sales	57.7	55.4	61.1	57.2	58.9	58.3	57.7	55.6	52.6	53.0
Overheads	1,580.9	1,275.0	1,103.8	908.0	736.7	616.5	532.7	482.8	460.1	421.7
% to Net sales	24.2	24.9	25.9	26.6	26.1	26.6	27.3	28.5	30.0	30.7
Operating Profit	1,232.7	1,153.7	619.4	615.2	464.3	386.8	325.1	291.4	280.4	236.8
Interest Charges	15.4	13.8	10.4	8.3	6.9	3.8	2.8	5.3	8.4	14.6
Depreciation	94.5	60.7	57.2	43.8	45.4	45.5	47.6	48.0	48.5	41.8
Profit Before Tax and Exceptional item	1,122.8	1,079.2	551.8	563.2	412.0	337.5	274.7	238.1	223.5	180.4
% to Net Sales	17.8	21.1	13.0	16.5	14.6	14.6	14.1	14.0	14.6	13.2
Growth Rates (%)	4.0	95.6	(2.0)	36.7	22.1	22.9	15.4	6.6	23.9	15.7
Exceptional item	-	25.5	(5.9)	-	(33.6)	(42.0)	(6.8)	-	-	-
Profit Before Tax and after Exceptional item	1,122.8	1,104.7	545.9	563.2	412.0	303.9	270.5	231.3	223.5	180.4
% to Net Sales	17.8	21.6	12.8	16.5	14.6	13.1	13.8	13.6	14.6	13.2
Profit After Tax	775.2	774.5	362.4	375.2	272.0	186.8	173.5	147.8	142.0	114.3
Return on average capital employed (ROCE) (%)	62.1	78.2	51.3	60.5	52.9	49.7	44.0	41.2	42.1	33.6
Return on average net worth (RONW) (%)	43.9	58.4	35.8	44.9	39.8	31.3	31.4	29.3	32.0	27.8
<b>CAPITAL ACCOUNT</b>										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	64.2
Reserves and Surplus	1,879.4	1,461.3	998.6	832.6	648.2	526.4	476.3	435.6	412.4	346.4
Deferred Tax Liability (Net)	75.5	47.9	47.9	31.5	22.1	28.5	30.5	48.7	58.2	61.2
Loan Funds	64.9	68.6	74.5	94.7	125.7	91.1	88.2	70.5	103.6	110.8
Fixed Assets	1,096.9	1,088.2	711.8	589.2	346.5	324.7	319.5	344.4	366.2	384.4
Investments	1,034.8	703.7	234.8	422.9	334.4	274.6	258.4	242.5	147.7	63.3
Net Current Assets	(15.9)	(118.2)	270.4	92.6	211.0	142.6	113.1	63.8	124.5	129.7
Debt-Equity Ratio	0.03:1	0.04:1	0.07:1	0.09:1	0.17:1	0.15:1	0.15:1	0.13:1	0.22:1	0.27:1
Market Capitalisation as at 31 <sup>st</sup> March	24,238	19,593	7,539	11,510	7,336	6,178	3,751	2,914	2,119	2,106
<b>PER SHARE DATA</b>										
Earnings Per Share (₹)	80.8	* 80.7	* 37.8	39.1	28.4	* 19.5	* 18.1	* #15.4	#14.8	# 11.9
Dividend (%)	320.0	270.0	175.0	170.0	130.0	125.0	95.0	** 85.0	110.0	90.0
Book Value (₹)	205.9	162.3	114.1	96.8	77.6	64.9	59.7	** 55.4	74.3	64.0
<b>OTHER INFORMATION</b>										
Number of Employees	4,640	4,382	4,260	3,924	3,868	3,681	3,550	3,356	3,327	3,188
Number of Shareholders	59,280	48,290	49,074	47,573	49,032	48,820	49,739	53,797	51,457	53,398

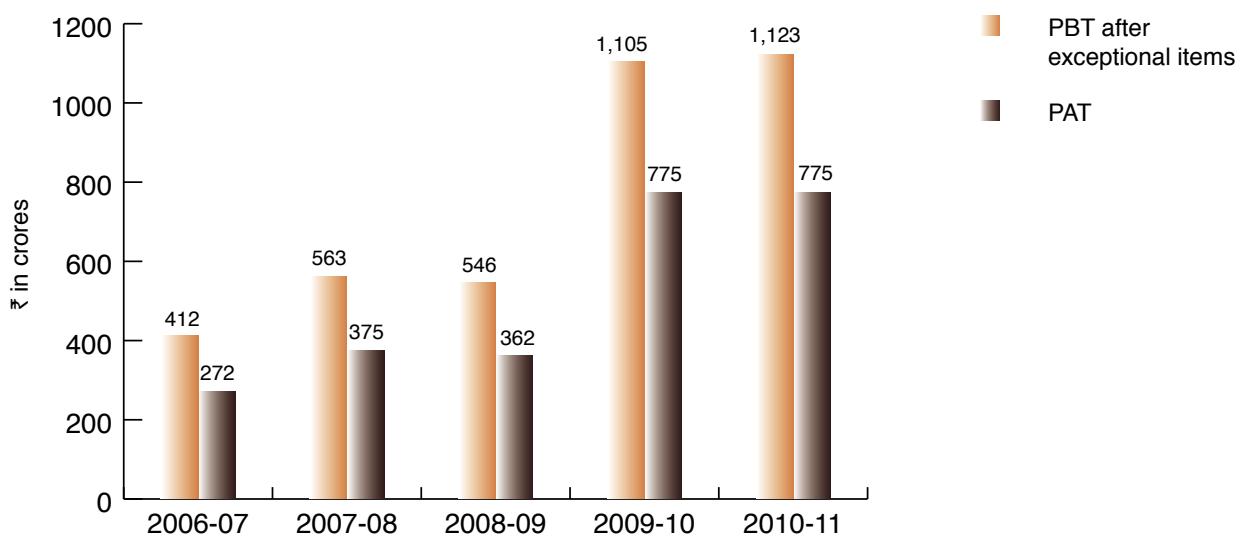
\* EPS calculated on Net Profit after exceptional item.  
# EPS is calculated after adjusting for Bonus Issue and the reduction of capital on account of merger of Pentasia Investments Limited.  
\*\* On increased capital.

# PERFORMANCE HIGHLIGHTS - STANDALONE

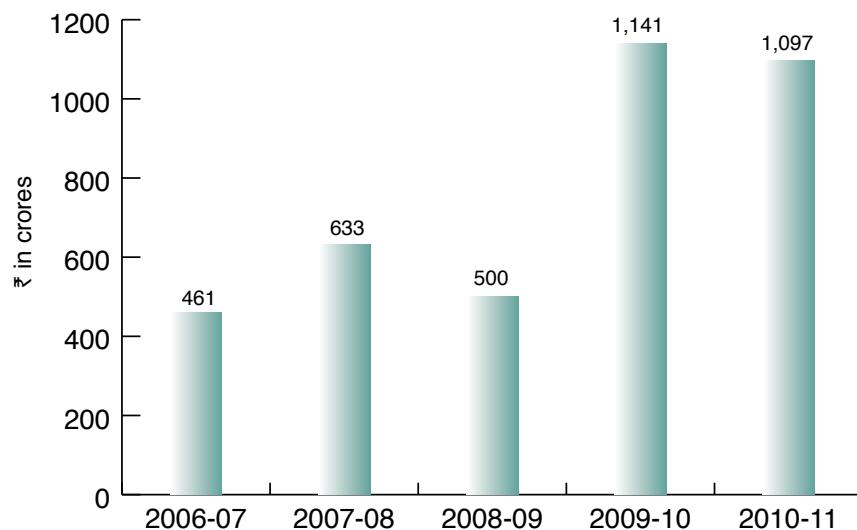
## Net Sales & Operating Income, PBDIT & PBDIT Margins (%)



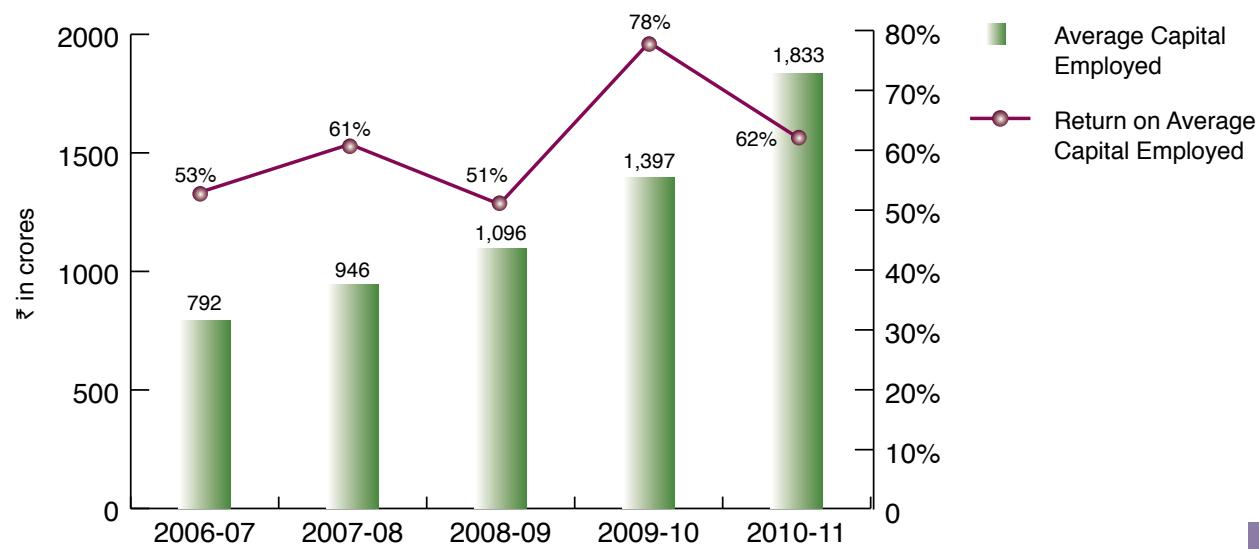
## Profit Before Tax & Profit After Tax



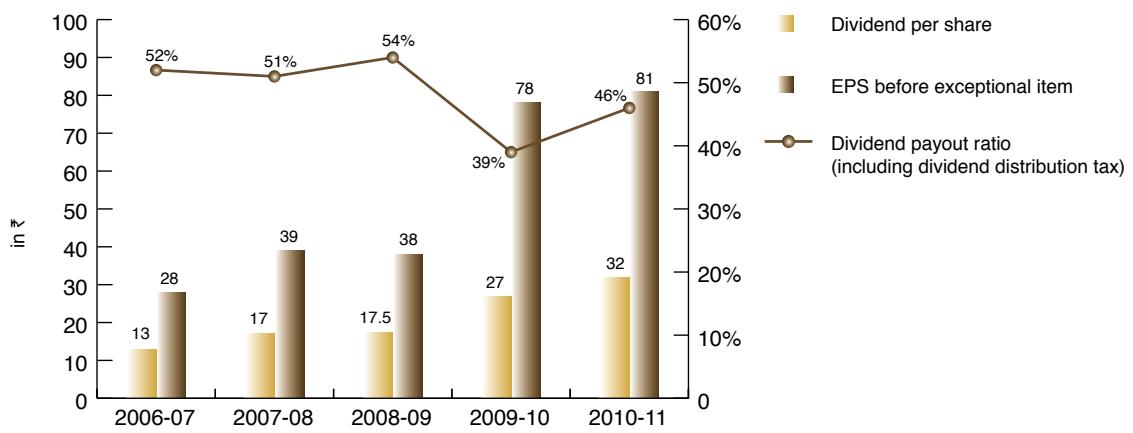
## Cash Generated from Operations



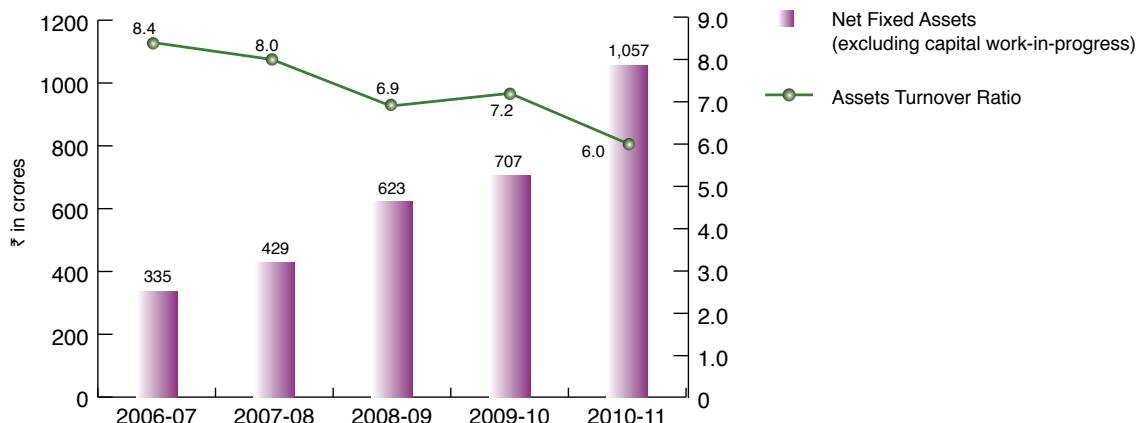
## Average Capital Employed and Return on Average Capital Employed



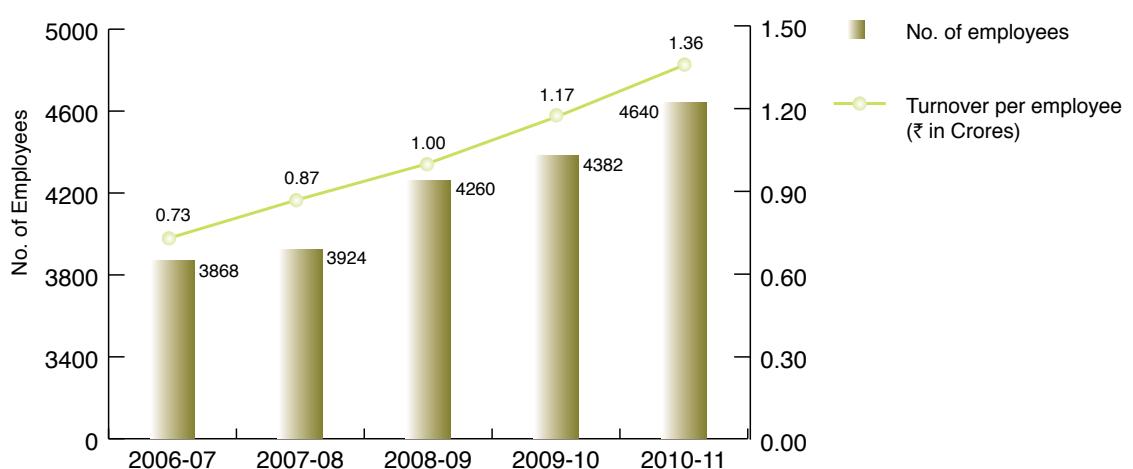
### Dividend per share, Earnings per share and Dividend pay-out ratio



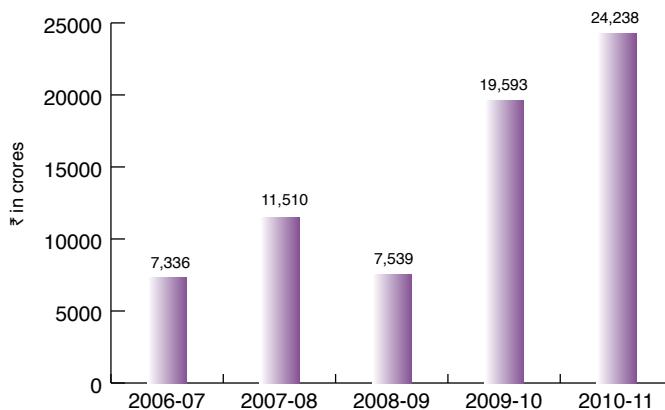
### Net Fixed Assets and Asset Turnover Ratio



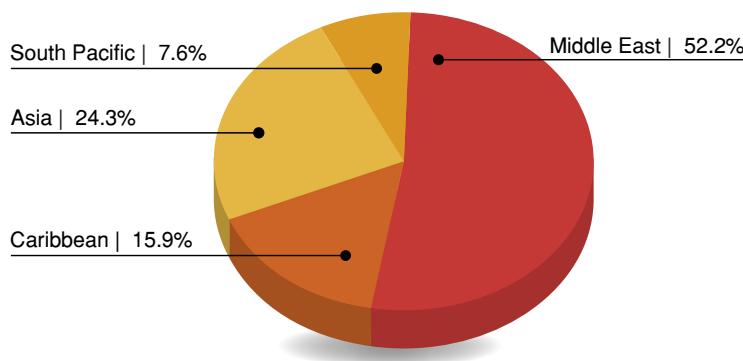
### Employees at the year end and Turnover per Employee



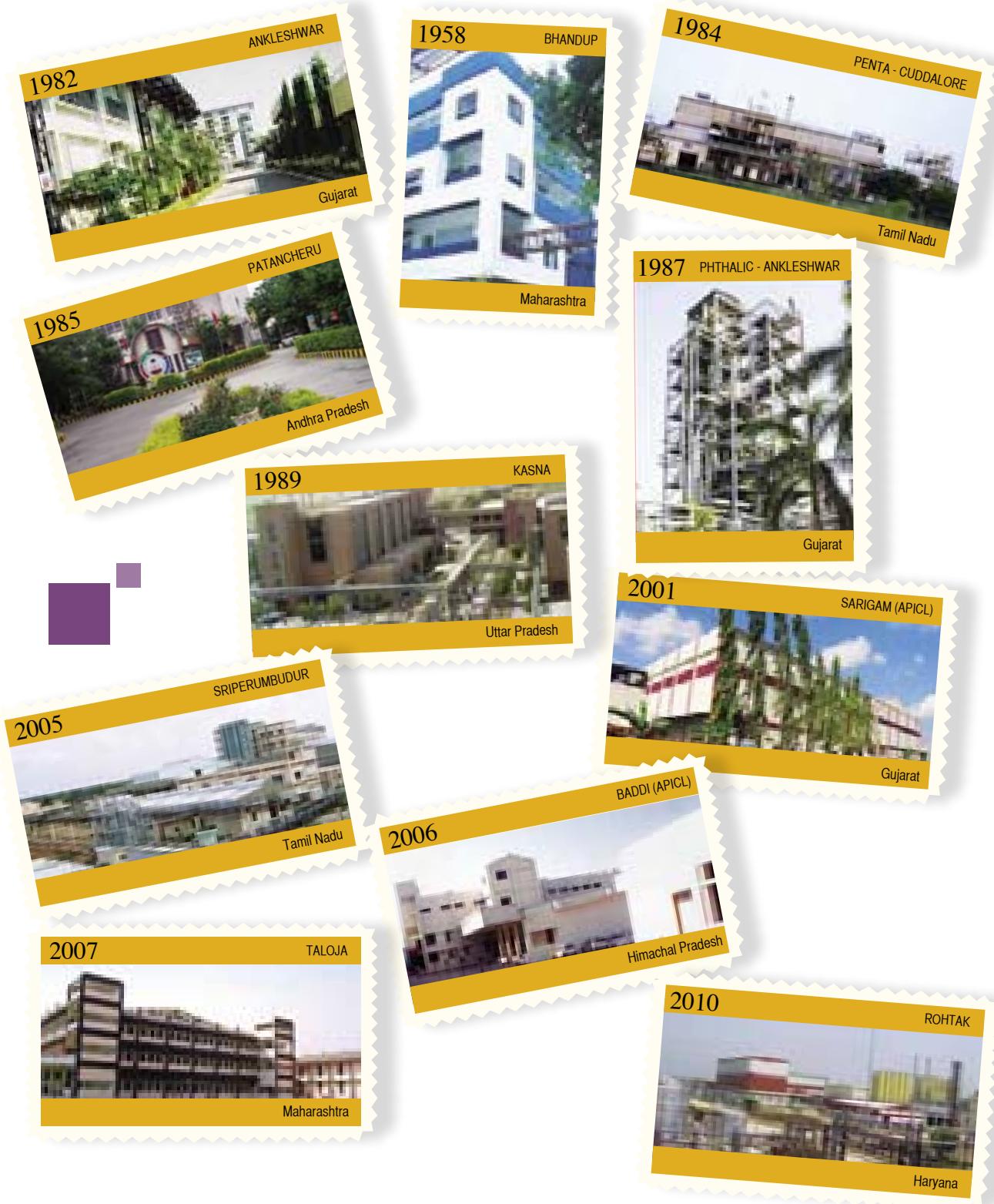
### Market Capitalisation



### Percentage sales contribution of each region to overall international operations



# MANUFACTURING PLANTS IN INDIA



# PRODUCT PORTFOLIO

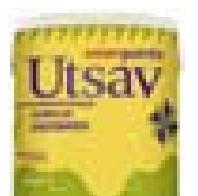
## EXTERIORS - WALLS



## INTERIORS - WALLS



## ENAMELS



## WOOD FINISHES



## MANAGEMENT DISCUSSION AND ANALYSIS

The global economy staged a remarkable rebound in the last financial year reducing the fears of a double-dip recession that some had forecast in 2009. The recovery was aided by the continuation of stimulus measures adopted during 2008-09 by developed as well as emerging economies including India. Increased liquidity in the developed economies impacted sentiment and boosted consumption as well as investment. Emerging markets neared their pre-recession growth levels on the back of domestic demand and buoyant exports while developed economies began to show pickup in demand. However, globally, the year was also characterized by periods of high uncertainty. The sovereign debt crisis that engulfed Greece and Ireland also threatened a number of other euro economies jeopardizing the stability of global financial markets. Short term policy interventions by the concerned governments did help to avert a crisis situation but a lot still needs to be done for any significant fundamental improvement in

the financial conditions of some of these countries. During the second half of the year, mass uprisings in Egypt, Libya and some other MENA countries sent crude prices over the USD 100 per barrel mark. Brent spot, an important indicator for crude went up by 41.7% during the year and 22.1% during the last quarter of FY 2010-11. The environment continues to remain challenging on this front.

India maintained its growth momentum on the foundation of relatively strong fundamentals of the economy. The year saw one of the highest rates of inflation in recent times and RBI increased the repo rates and reverse repo rates from 5% and 3.50% to 6.75% and 5.75% respectively in a bid to curb inflation. However, strong domestic consumption and buoyant exports, enabled GDP to grow by around 8.5% during 2010-11. The rupee also remained range bound against US dollar to the comfort of both the exporters and the importers.

## 1. PRODUCTS AND MARKETS

The paint industry volume in India has been consistently growing at more than 15% per annum for some years now. The strong growth was supported by a favourable monsoon and good industrial growth especially in the automotive sector. Growth in turnover was significantly higher than the volume growth as large price increases had to be effected during the year.

In International Business, political turmoil in Egypt and Bahrain impacted business conditions in these countries during the last quarter of the year. While South Asian markets fared relatively better, the impact of economic slowdown persisted in some of the other international markets where your Company operates.

### DECORATIVE PAINTS

Decorative paints (including interior and exterior wall finishes, enamels, wood finishes and ancillary products) constitutes around 72% of the paint market in India. 2010-11 was a good year for the paint industry and your Company too did well.

Sharp increase in raw material prices was one of the key concerns identified by your Company for FY 2010-11 and as expected, it posed significant challenges throughout the year. The recovery of the global economy leading to a revival of demand especially in countries like India, China and the U.S., coupled with the rise in crude prices and shortage of key raw materials has led to a steady increase in prices across all categories of raw materials. In India, factors like power shortages, increase in labour and transportation cost also contributed to the inflation. The overall impact of inflation during the year was in excess of 13%. This was countered through price increases at regular intervals (five in all totaling over 12% for the year). Fortunately, this substantial increase in prices did not affect demand which continued to be robust. Margins, however, were under severe pressure during the year and continue to be a concern going forward.

Net Sales grew ahead of volume sales on account of higher realizations due to a richer product mix as well as price increases. Emulsions have been growing much faster than the other categories of paints. Your Company saw success with many premium products like Apex Ultima, Royale, Royale Shyne, Royale Play, Polyurethane wood finishes and water based enamels.

After the overwhelming response to your Company's Signature Store at Mumbai, your Company has decided to invest in another store at Connaught Place, New Delhi which will be opened shortly.

Your Company continued to expand its dealer network across all parts of the country. The expansion of Colourworld network also continued unabated with more than 18000 of your Company's dealers being covered currently. Most of the emulsion paint sale is happening through this network.

Considerable investments were made in upgrading over 3000 retail outlets with the overall objective of improving the ambience, providing better service and more information to consumers at these outlets.

Your Company also significantly expanded the chain of stores called 'Colour Ideas', where the consumer is provided with an environment wherein he can experience what colour can do to his home. Here he is also provided with Colour Consultancy Services. Consumers have responded very positively to this retail chain and your Company is in the process of expanding it across the country.

During the year, your Company launched a number of new products. Water based wood finishes launched in North India would be launched across the country in a phased manner. New textured finishes for the exteriors – Duracast Pebbletex and Crosstex were launched and met with good response from builders/contractors for large projects.

After commissioning of the Rohtak Plant in April 2010, the total installed paints capacity in India stands at close to 6,00,000 KL. The synthetic resins and polymer capacity was also augmented by 50,000 MT in FY 2010-11.

In the first year of its operations, Rohtak Plant produced in excess of 80,000 KL of paints. Continuing ahead with its capacity expansion plans, your Company will increase the installed capacity at the Rohtak Plant from 150,000 KL per annum to 200,000 KL per annum by fourth quarter of FY 2011-12.

Construction has also commenced at Khandala near Pune (in Maharashtra) for the seventh Decorative Paints plant with an initial capacity of 300,000 KL per annum of paints with an investment of around ₹ 1000 crores. The plant will be commissioned sometime around the

last quarter of FY 2012-13. The Khandala plant can be expanded to 400,000 KL per annum later.

These capacity additions would enable your Company to adequately meet the envisaged demand in the Indian market. The availability of power supply is, however, a matter of concern in Rohtak while in other plants, the reliability of continuous supply can be an issue. Your Company is, therefore, forced to rely on self generated power in these locations, which is not cost effective.

Construction of the Distribution Centre at Patancheru Plant is also underway and by the second half-year of FY 2011-12, all Plants would have an operating Distribution Centre allowing complete migration to the new Distribution Model which would facilitate higher service levels at lower levels of inventory.

## INTERNATIONAL OPERATIONS

The financial year 2010-11 began on a challenging note. The International markets where your Company operates in, continued to be impacted by the economic slow down, although the South Asian countries were relatively less impacted. In addition, political turmoil in Egypt and Bahrain has impacted business conditions in these countries in the last quarter of the year.

Asian Paints International Limited, the Mauritius based subsidiary of your Company, bought the 80% stake in Samoa Paints Limited held by its subsidiary Taubmans Paints Fiji Limited for a consideration of US\$ 0.5 million.

The focus in the International operations during the year was on strengthening position in the market place by initiatives to improve customer centricity, expanding the dealer network, improving service levels, introducing new products and installing additional dealer tinting systems. Emphasis was also placed on tighter management of credit risk and improving internal efficiencies in all areas of operations including working capital, fixed assets, overheads and material cost. Sharp focus was accorded to enhance safety standards.

Material prices during the year were volatile and saw an inflationary trend due to shortages in critical raw materials and rising prices of crude oil. The impact of

inflation was mitigated to some extent by formulation re-engineering, economies of scale in purchasing, inventory build up and reducing losses in manufacturing.

The revenue from paint sales of the overseas operations of the group for the year is ₹ 975 crores as compared to ₹ 979 crores during the previous year April 2009 - March 2010.

Profit after tax for the overseas operations of the group during the year is ₹ 87.9 crores compared to ₹ 104.7 crores during the previous year April 2009 - March 2010.

The revenue from paint sales of Berger International Limited, a subsidiary listed on the Singapore Stock Exchange has decreased by 16% to S\$ 108 million (equivalent to ₹ 372 crores) from S\$ 129 million (equivalent to ₹ 430 crores).

The group operates in the following geographies:

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

The region wise performance is detailed below:

### Caribbean

During the year under review, the revenue from paint sales has decreased by 3% to ₹ 157 crores from ₹ 161 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 0.2%. PBIT (Profit before interest and tax) for the region has increased by 12% to ₹ 12 crores. An all round slow down in construction activity and reduction in tourism had a severe impact on the Caribbean economies and hence the top line performance of the region was impacted. However, all the subsidiaries in the region have been profitable.

### Middle East

During the year under review, the revenue from paint sales has decreased by 4% to ₹ 516 crores. Adjusted



A view of the new facility at SCIB Chemicals S.A.E., Egypt

for exchange rate impact, the revenue from paint sales has increased by 2%. PBIT for the region has decreased by 38% to ₹ 65 crores.

The Middle East region is the largest operating region for the group outside India. The region now contributes 52% of the revenue from overseas operations. All the economies in the region have been impacted by the global recessionary trend with the impact being the most severe in UAE. Additionally, the performance of the subsidiaries in Egypt and Bahrain was also affected in the last quarter due to the political turmoil in those countries. However, all the subsidiaries have made profit.

The green field plant in Egypt with an initial capacity of 50,000 KL per annum is now fully operational. The plant has been designed to eventually produce 150,000 KL per annum.

## Asia

For the year under review, revenue from paint sales has increased by 20% to ₹ 240 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 21%. The PBIT for the region has decreased by 10% to ₹ 24 crores.

Expansion of the Color World dealer network and increased influencer interactions through

painter-dealer meets coupled with the recovery in the construction sector has helped all the subsidiaries to achieve healthy sales growth. All the subsidiaries have made profit.

## South Pacific

For the year under review, revenue from paint sales has increased by 4% to ₹ 75 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 5%. The PBIT for the region has increased by 16% to ₹ 13 crores. All the subsidiaries in the region have made profit.

## INDUSTRIAL COATINGS

### Automotive Coatings: Asian PPG Industries Limited (APPG)

Your Company has a 50:50 Joint Venture (JV) with PPG Industries Inc., which was formed in the year 1997, for manufacturing Automotive OEM, Refinish and certain other Industrial Coatings. APPG is the second largest automotive coatings supplier in the country.

The Indian automobile industry witnessed a phenomenal growth during FY 2011-12, reaching sales of almost 3 million passenger vehicles. Indian automobile market is on course to a high

growth trajectory owing to the overall economic fundamentals and increasing disposable income of the working class. Good market conditions have helped APPG further strengthen its presence in the market. Total sales increased to ₹ 616.48 crores in FY 2010-11 from ₹ 476.88 crores in FY 2009-10 – a growth of 29.3%. The profit after tax rose to ₹ 33.03 crores from ₹ 28.58 crores representing a growth of 15.6%. The consolidated sales were ₹ 637.77 crores and the profit after tax was ₹ 33.62 crores in FY 2010-11.

Faaber Paints Private Limited (FPPL), a wholly owned subsidiary of APPG, reported sales of ₹ 23.26 crores in FY 2010-11 as compared to ₹ 15.0 crores in the previous year. Profit after tax declined to ₹ 0.7 crores as compared to ₹ 1.47 crores in the previous year.

Major improvements were effected in appearance, quality and durability of products offered to customers during FY 2010-11. Measures adopted to contain costs and expand volume of business paid off and helped APPG achieve its targets in spite of concerns on raw material prices and availability. Competition amongst the coatings suppliers is also giving leveraging power in the hands of the customer forcing prices down. APPG's strategy of offering better value to its customers by providing superior products and service has enabled it to deliver superior results. In its maiden foray outside India, APPG has also decided to enter the Sri Lankan Auto Refinish market by setting up its own subsidiary. This wholly owned subsidiary is expected to be operational by July 2011.

The licensed capacity of the facility at Sriperumbudur is 10,400 KL per annum; the present installed capacity is 7,500 KL per annum. APPG has decided to further expand the capacity of the plant to 9,140 KL at a cost of approximately ₹ 30 crores.

The prospects of continuing high price of fuel and uncertain economic conditions have led to doubts about sustainability of the pace of growth that the automotive industry has witnessed in the recent past. However, while there may be a slow down temporarily owing to high base effect, APPG is confident about the long term prospects of the industry and feel that it is in a position to take advantage of the growth in the market.

## NON AUTO INDUSTRIAL COATINGS

The non auto industrial coatings market is serviced by your Company through its Growth Business Unit (GBU) and a wholly owned subsidiary, Asian Paints Industrial Coatings Limited (APICL). The major product segments are –

- Protective Coatings
- General Industrial Coatings
- Road Marking Coatings
- Floor Coatings
- Powder Coatings

Demand for industrial products improved in the second half of FY 2010-11 against a modest increase during the first half, peaking towards the end of the fiscal year. The improvement in demand was mainly on account of various projects reaching the stage of painting during the second half of the year.

Your Company's strategy of focusing on sales of middle to high end products has resulted in an improvement in the mix of products sold. There has been an increase in the weighted average selling price on account of the improved product mix.

The inflationary trend in major raw material prices that had commenced in the last quarter of fiscal year 09-10 continued through the year and prices of most major raw materials increased steeply during the course of the year. This trend was witnessed across almost all major raw materials such as pigments, resins, solvents, oils and monomers. Increased raw material costs combined with resistance from customers to accept the steep increase in prices exerted pressure on margins through the year.

The Industrial Paints plant at Taloja completed its fourth year of operations in February 2011. The first long term settlement with the workers' union was negotiated and signed in January 2011. Though production was affected during the negotiation process, particularly during the third and fourth quarters of the fiscal year, the industrial relations situation has normalized after the settlement and production levels have been restored to expected levels. Production was stepped up at Toll Manufacturers to cover the shortfall in production.

## **ASIAN PAINTS INDUSTRIAL COATINGS LIMITED**

Asian Paints Industrial Coatings Limited (APICL), a wholly owned subsidiary of your Company, is engaged in the manufacture and sale of Powder Coatings. There was a modest improvement in demand conditions during the year and the sales performance of APICL during the year reflected this market situation. The two powder coating manufacturing facilities located at Sarigam (Gujarat) and Baddi (Himachal Pradesh) operated satisfactorily to meet market requirements.

As in the case of industrial liquid paints, a steep increase in the prices of all critical raw materials such as epoxy and polyester resins and pigments was seen during the year. Resistance from customers to the steep price increases that were asked for resulted in pressure on margins.

## **PARTNERSHIP WITH PPG**

Your Company has a long standing and successful relationship with PPG Industries Inc. which is based in Pittsburgh, USA. It had formed a Joint Venture (JV), Asian PPG Industries Ltd., with PPG in 1997, to cater to the growing requirements of the global automakers entering into the Indian market. APPG is now one of the leading coatings' suppliers in the Automotive OE sector and is the leader in the Auto Refinish sector. PPG is also present in other industrial businesses in India through its two subsidiaries.

In order to further strengthen this relationship, your Company is in the process of forming a second 50:50 Joint Venture with PPG, which will focus on Protective Coatings, Light Industrial Coatings, Industrial Container Coatings and Powder Coatings in the Indian market. This Joint Venture will leverage the significant expertise, market presence and channel access of your Company in the domestic market with the considerable global scale and technology of PPG. Your Company will have effective management control of this new JV.

APPG, the existing 50:50 JV in the area of transportation coatings, will now additionally cover Marine Coatings, Consumer Packaging Coatings and Other liquid industrial coatings segments. PPG will have effective management control of this JV. Industrial Paints Plant (at Taloja) and APICL's two

powder coating plants at Sarigam and Baddi will continue to be a part of your Company and APICL respectively and will not form a part of the new JV. The JV's production requirements will continue to be produced by these industrial plants under a tolling arrangement.

The formation of JV involves certain statutory and procedural formalities to be complied with. As a first step to the JV formation, a new Company named AP Coatings Limited (100% owned subsidiary of your Company) was formed by your Company. Till the formation of new JV, the Industrial business of your Company as well as the business of APICL will be carried out by AP Coatings Limited.

AP Coatings Limited, along with the two companies of PPG in India, will be merged into APPG and subsequently the relevant businesses demerged to form the second 50:50 JV through a composite Scheme of Merger and De-merger as approved by High Courts of respective jurisdictions of all the Companies involved.

## **OTHERS**

Your Company also produces Phthalic Anhydride and Pentaerythritol in manufacturing facilities located at Ankleshwar (Gujarat) and Cuddalore (Tamil Nadu), respectively. These units which were set up as backward integration initiatives in the late 1980s, primarily cater to in-house demand for these chemicals.

During the year FY 2010-11, 69% of Phthalic Anhydride and 54% of Pentaerythritol produced by your Company was transferred for internal consumption. The remaining quantity was sold in the open market.

Plant shut downs during the year owing to a planned catalyst change operation and some unanticipated stoppages in plant operations resulted in production of Phthalic Anhydride being lower than last year. The lifting of safe guard duty on imports from several countries also resulted in cheap imported material coming into the country, impacting prices in the local market. Overall, profitability from the Phthalic Anhydride business was affected due to the lower production and adverse market conditions.

The profitability of the Pentaerythritol business was higher compared to previous year. Better sales realization resulted in higher margins from the business.

## **2. ENVIRONMENT, HEALTH AND SAFETY**

Environment, Health and Safety (EHS) is one of the primary values 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. Your Company also endeavours to educate its customers and the public on safe use of its products.

Due to continued focus on Environment and Safety, the Penta plant was given the 'Environmental Best Practices Award - 2011' at a national level competition organized by CII - Green business Centre, the Ankleshwar plant was nominated by Gujarat Cleaner Production Center and Gujarat Pollution Control Board for exhibiting its cleaner production initiatives in an international environmental forum of "Earth Charter" organised by Center for Environment Education, Ahmedabad and the Sriperumbudur plant was presented with the Tamil Nadu State Safety Award by Inspectorate of Factories, Tamil Nadu for outstanding safety performance.

Your Company received consents from Maharashtra Pollution Control Board and Environmental Clearance from State Environment Impact Assessment Authority of MoEF in Maharashtra for establishing the Khandala Plant in Maharashtra. APICL's Sarigam plant for manufacture of powder coatings has been awarded consents for expansion by Gujarat State Pollution Control Board without any increase in pollution load.

Your Company's six paint plants and the two chemical plants have the ISO 14001 environmental certification. Your Company's seven paint plants and one chemical plant are 'Zero Industrial Discharge' plants and harvest rain water. Rohtak plant is working towards obtaining the ISO 14001 certification.

Your Company has always been environmentally conscious and believes in resource conservation.

After achieving 'Zero Discharge' of industrial effluent, minimization of waste through reduction at source and recycle /reuse has been a key focus area. This has resulted in reduction in specific generation of effluents and solid wastes.

Your Company also appreciates the need to monitor and reduce emission of Green House Gases (GHGs) which are responsible for Global Warming and Climate Change. It has institutionalized a mechanism to monitor GHGs emissions across all business units as per Green House Gas (GHG) protocol [A Corporate Accounting and Reporting Standard by World Business Council for Sustainable Development]. GHGs emissions monitoring has been categorised under Scope 1 - Direct GHG emissions (due to fuel consumption) and Scope 2 - Indirect GHG emissions due to electricity consumption (electricity bought from power generation companies) over which your Company has got direct control. Your Company has focused its efforts on enhancing energy efficiency in all its operations, right from the design of new manufacturing facilities. Your Company is participating in Carbon Disclosure Project (CDP) for disclosing information on carbon emissions.

## **3. HUMAN RESOURCES**

The year 2010-11 has been quite significant for Human Resource where several initiatives were taken forward. Talent Management was taken up as a specific focus area in HR towards integrating employee Development and succession planning.

'Learnscape' is an ambitious initiative in the area of Learning and Development that your Company launched. This initiative seeks to define for our managers and executives the expectations around Asian Paints way of managing people and thereafter a series of initiatives to skill employees at every level was launched this year. At the core of this initiative has been the focus on conversations that participants have had with several leaders within and outside the organization, thus enabling a process of engagement and connectedness with the environment.

Your organization has also worked on leveraging information technology to aid the development process for employees. With tie-ups with renowned organizations like Harvard Business Publishing and Skillsoft and combined with several custom built modules, we have enabled world class learning that was delivered to employee independent of time and distances.

Your organization is also focused on building an internal array of trainers and coaches who are committed to developing employees by bringing in skills and contextual expertise in a sustained manner. This has generated excitement and augmented opportunities for cross functional collaborations and conversations.

People Review Process was initiated to map and capture people capability in the organization aiming towards succession planning for the organization and growth for individuals. Promoting quality conversation was given thrust across organization through different HR processes and initiatives.

Our organization placed a specific focus in the area of ethics and code of conduct. Creating heightened awareness amongst employees by way of active engagement across the country was a big initiative this year.

Employee Engagement is one of the key elements in the success of an organization. Your organization has embarked upon a path to build engagement among employees through the appreciative enquiry methodology. The first set of programs was launched for field sales organization in India that has lead to greater employee engagement and energy amongst the field sales force.

#### **4. BUSINESS CONTINUITY PLANNING**

As your Company charts ambitious growth plans, it is imperative to ensure that unexpected events do not disrupt existing operations by putting in the necessary processes and tools to ensure business continuity. Your Company has embarked on an enterprise wide Business Continuity Planning (BCP) initiative to evaluate risks arising from a disaster perspective and to recommend processes and tools to proactively mitigate the impact to ensure that business operations are not disrupted. This exercise covers all the existing businesses and will address locational as well as systemic risks.

#### **5. CORPORATE SOCIAL RESPONSIBILITY**

Your Company believes that “for growth to be responsible, it should go beyond numbers. It should do good to the society, create a better world”, and accordingly it is strongly aligned in its drive to create and enhance stakeholder value with its commitment to good governance, ethical conduct and social responsibility. The key areas where it is striving to

make a difference include socially relevant causes such as Elderly Care, Healthcare, Education and Water Conservation.

The manufacturing units at Kasna (Uttar Pradesh), Patancheru (Andhra Pradesh), Sripurumbudur (Tamil Nadu) and Ankleshwar (Gujarat) have been doing their bit to make a positive difference to the lives of the disadvantaged elderly citizens of the neighboring localities. The Mobile Medicare Units (MMUs) being operated in association with the NGO HelpAge India has made it possible to reach the doorsteps of the needy senior citizens. Several blood donation camps and other healthcare camps were conducted during the year including a camp on cataract surgery with the motto of ‘helping the needy elderly citizens see colour again’.

Your Company strives to use the scarce resource of water efficiently by recycling and reusing, wherever possible. The Total Water Management (TWM) Centre located in the premises of your Company’s manufacturing facility in Mumbai has been championing the issue of water conservation; informing and demonstrating techniques of water harvesting to the public at large.

#### **6. INFORMATION TECHNOLOGY**

During 2010-11, your Company embarked on an ambitious journey in the area of Information Management. In the dynamic and growing business scenario, leveraging the information assets to help managers make quicker and better decisions through the analysis of key trends and events that affect business is becoming an important factor for sustaining market leadership and competitive advantage. A three year roadmap was drawn up in the area of Information Management that will help in improving speed, governance and performance of business by using all types of data, content and state of art analytics. The project will be executed in multiple phases spanning two years and the key phase of determining the Business Intelligence Strategy for your Company has been completed.

As your Company continues to grow and setup highly automated paint manufacturing facilities, it is very critical that information flow from the shop floor to the top floor is seamless. Advanced Manufacturing Execution Systems have been deployed in both

Rohtak and Sriperumbudur plants to optimize the material flow and provide real time information visibility to shop floor operations to aid better decision making. We are proud of the core capabilities that have been built by your Company in managing these complex integrations and the same will hold us in good stead as and when newer and complex automated factories are setup in coming years.

As the power of social collaboration using tools like Facebook and Twitter sweeps across the world, tremendous benefits can be realized by unleashing the power of information democracy within the enterprise by empowering employees, partners and customers to connect easily. Your Company too has realized the potential benefits of such platforms and has been an early adopter in deploying Enterprise Social Collaboration platforms to facilitate exchange of ideas, building of vibrant virtual communities to foster innovation to ultimately sustain competitive advantage in the marketplace.

## 7. 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 2010-11 had been to maintain the lead in the development of environment friendly products. During the year new emulsions platforms have been exploited to allow for the development of eco friendly binders. New products offer the customer choice of water-based alternates to solvent borne systems. Efforts have focused in the area of developing paints with reduced Volatile Organic Contents (VOC) much in line with leading paint companies across the globe. This is to allow your Company to meet the mid and long terms strategic goals. A number of development programs aimed at productivity improvement and energy efficiency have borne fruit and their implementation is well underway. Cost reduction programs continue with renewed vigor. Widespread shortage of crucial raw materials is foreseen as the demand for materials is picking up with revival of economies of several countries. In this context, your Company is actively

working on alternate raw materials to ensure that its ability to service its customers remains unaffected. Your Company continues to work in collaboration with leading academia to bring new knowledge into business and vendors with international presence to leverage the latest developments happening in other countries. Some of these programs are bearing fruit and will strengthen the overall technical capabilities in the area of resins and emulsions development. Your Company continues to increase its presence in international forums through publications in peer review journals. The recognition of the work of its scientists is helping shape an image of the organization that attracts competent and committed scientists. Indeed, during the year your Company has been able to attract talent from international universities to strengthen its in house research base.

## 8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to carry out its operations within a well defined control framework. The control framework is anchored on good governance, sound internal controls and an independent internal audit. The framework was further strengthened during the year through a mix of initiatives on all the three aspects. Most noteworthy among them are:

1. A revised code of conduct was published. The code of conduct was extended to all employees and communication workshops held with the employees.
2. Your Company announced a whistle blower policy to its employees and key external stakeholders. Any communication received under this policy is treated with confidentiality and investigated by a high powered committee in the organization.
3. The shared service center set up last year was streamlined. A concurrent audit of its operations is done to have an additional pair of eyes monitoring the operations.
4. Your Company has, during the year, revisited policies and process manuals and made modifications wherever required. These were communicated to all in your Company.

The above initiatives have strengthened the governance framework within your Company. Along

with increased levels of manual and automated controls, these initiatives provide a good internal check over the day to day operations of your Company.

To complement the existing controls and to have an independent review of the adequacy and operation of existing controls, your Company has an independent internal audit department which carries out periodic risk based audits of operations and key processes in your Company. The audit plan is approved by the Audit Committee of the Board and the Chief Internal Auditor periodically reports any control gaps along with management action plan to the Audit Committee.

Your Company has a separate Risk Management Council which meets periodically to identify, assess and mitigate key strategic and business risks facing the organization. Milestones are arrived at and progress against the same monitored periodically.

## 9. RISK AND OUTLOOK

The overall economic outlook for 2011-12 appears to be positive but challenging. Economic activity is expected to be buoyant in the Indian sub continent driven by good internal as well as export demand, with Indian GDP expected to register a growth of around 8%. Also, with early forecast predicting a normal monsoon in 2011-12, your Company expects the rural economy to perform well and support paint demand in the rural areas. The market for Industrial products is expected to improve on the back of thrust on infrastructure development and industrial growth.

However, there are certain risks that can impact the performance of your Company.

The turmoil in the Middle East and North African region has already affected global crude supplies and prices. The events in Japan after the tsunami might force a re-look on nuclear energy globally. Amidst widespread concern on nuclear danger, it is expected that fossil fuel consumption will only go up in the near future for lack of other reliable and proven

sources. This could have a long term impact on the prices of these commodities globally.

Costs of some other key raw materials like Titanium Dioxide are expected to inch up due to their relative shortage, inadequate investment in fresh capacities and buoyant demand conditions.

Specific to India, factors like power shortages increase in labour cost and transportation cost could also contribute to inflation.

All these factors could put pressure on margins of products of your Company and force price hikes. Such price hikes, if any, could directly have an effect on the demand of the products.

Risks of sovereign defaults in the European Union remain and the recovery in rest of the developed world is still quite fragile. Amidst talk of phasing out and withdrawal of stimulus measures, it remains to be seen whether growth can be sustained going forward.

The recent unearthing of huge scams and the resulting logjam in government functioning could lead to policy reform taking a backseat thereby affecting the long term growth potential of the country apart from impacting investor sentiments.

Reserve Bank of India (RBI) has announced a series of rate hikes in FY 2010-11 and more hikes are expected in FY 2011-12 in a bid to control the spiraling inflation. This can have an adverse impact on demand, particularly in interest rate sensitive sectors like housing and automobiles.

Directional movements of currency are hard to predict and volatility in currency movements might have financial implications for your Company.

Additionally, adverse impact of the political turmoil in Middle East or any other political, economic or natural crisis where your Company has significant presence can also affect the business performance of your Company.

# DIRECTORS' REPORT

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Dear Members,

Your Directors have pleasure in presenting the 65<sup>th</sup> Annual Report of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2011.

## FINANCIAL RESULTS

(₹ in Crores)

	Asian Paints Limited			Asian Paints Limited Group Consolidated		
	2010-11	2009-10	Growth (%)	2010-11	2009-10	Growth (%)
Sales and Operating Income (Net)	6322.24	5125.08	23.4	7706.24	6680.94	15.3
Operating Profit	1232.66	1153.71	6.8	1395.60	1367.90	2.0
Less: Interest	15.35	13.76		22.23	28.47	
Less: Depreciation	94.48	60.74		113.13	83.56	
Profit before Tax and exceptional item	1122.83	1079.21	4.0	1260.24	1255.87	0.3
Add/(Less): Exceptional item	-	25.46	-	-	1.15	
Profit before Tax	1122.83	1104.67	1.6	1260.24	1257.02	0.3
Less: Provision for Taxes	347.68	330.17		378.89	373.11	
Profit After Tax	775.15	774.50	0.1	881.35	883.91	(0.3)
Less: Minority interest	-	-	-	38.11	48.27	
Net Profit attributable to shareholders of the Company	775.15	774.50	0.1	843.24	835.64	0.9
Add: Balance brought forward from the previous year	600.00	230.00		600.00	230.00	
<b>DISPOSABLE PROFIT</b>	<b>1375.15</b>	<b>1004.50</b>		<b>1443.24</b>	<b>1065.64</b>	
That the Directors recommend for appropriation as under:						
Dividend - Interim	81.53	81.53		81.53	81.53	
- Final	225.41	177.45		225.41	177.45	
Tax on Dividend	50.11	43.33		50.11	43.33	
Transfer to General Reserve	418.10	102.19		486.19	163.33	
Balance carried forward to Balance Sheet	600.00	600.00		600.00	600.00	

## STANDALONE FINANCIALS

Net sales and operating income for the standalone entity increased to ₹ 6,322.24 crores from ₹ 5,125.08 crores in the previous year – a growth of 23.4%. The operating profit (PBDIT) increased by 6.8%, from ₹ 1,153.71 crores to ₹ 1,232.66 crores. The profit after tax for the current year is ₹ 775.15 crores as against ₹ 774.50 crores in the previous year.

## CONSOLIDATED FINANCIALS

The consolidated sales and operating income net of discounts and excise duty increased to ₹ 7,706.24 crores from ₹ 6,680.94 crores – growth of 15.3%. Net profit after minority interest for the group for the current year is ₹ 843.24 as against ₹ 835.64 crores in the previous year.

## CONSOLIDATED ACCOUNTS

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, issued a direction under Section 212(8) of the Companies Act, 1956 that the provisions of Section 212 shall not apply to Companies in relation to their subsidiaries, subject to fulfilling certain conditions mentioned in the said circular with immediate effect. The Board of Directors of your Company at its meeting held on 10<sup>th</sup> May, 2011, approved the Audited Consolidated Financial Statements for the financial year 2010-11 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, which include financial information of all its subsidiaries, and forms part of this report. The Consolidated Financial Statements of your Company for the financial year 2010-11, are prepared in compliance with applicable Accounting Standards and where applicable Listing Agreement as prescribed by the Securities and Exchange Board of India.

The annual accounts and financial statements of the subsidiary companies of your Company and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company. Your Company has complied with all the conditions as stated in the circular and accordingly has not attached the financial statements of its subsidiary Companies for

the financial year 2010-11. A statement of summarized financials of all subsidiaries of your Company including capital, reserves, total assets, total liabilities, details of investment, turnover, etc., pursuant to the General Circular issued by Ministry of Corporate Office, forms part of this report.

The Consolidated Financial Statements include results and financial statements of certain subsidiaries of your Company for the previous year for a fifteen month period from 1<sup>st</sup> January, 2009 to 31<sup>st</sup> March, 2010. This was done to align the accounting year of those subsidiary Companies with your Company in the previous year. Thus, the current year figures are not comparable with the corresponding figures for the previous year.

## DIVIDEND

During the financial year 2010-11, your Company declared and paid an interim dividend of ₹ 8.50 per equity share in the month of November, 2010. In addition, your Directors recommend payment of ₹ 23.50 per equity share as the final dividend for the financial year ended 31<sup>st</sup> March, 2011. If approved, the total dividend (interim and final dividend) for the financial year 2010-11 will be ₹ 32.00 per equity share; ₹ 27 per equity share was paid as dividend for the previous year.

## TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 418.10 crores to the general reserve. An amount of ₹ 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, which forms part of this Report.

## CORPORATE GOVERNANCE

During the financial year, Asian Centre for Corporate Governance and Sustainability at its 11<sup>th</sup> International Conference on Governance and Sustainability held in February, 2011 recognised your Company's Audit Committee as Best Audit Committee for the year

2010. Your Company places on record its appreciation for the Audit Committee for its outstanding contribution in promoting the philosophy and culture of good governance and sustainable development in your Company.

Your Company is compliant with the requirements of 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. The report on Corporate Governance is included and forms part of this report.

#### **SECRETARIAL AUDIT**

Dr. K. R. Chandratre, Practicing Company Secretary conducted Secretarial Audit pursuant to provisions of Section 383A of the Companies Act, 1956, for the financial year 2010-11. Dr. K. R. Chandratre has submitted the Report confirming compliance with the applicable provisions of Companies Act, 1956 and other rules and regulations issued by SEBI/other regulatory authorities for Corporate law.

#### **EXPANSION OF THE JOINT VENTURE WITH PPG INDUSTRIES INC., USA, AND ACCELERATION OF GROWTH OF THE NON-DECORATIVE COATINGS BUSINESS**

During the year 2010-11, your Company has decided to enhance its fourteen year relationship with PPG Industries Inc., USA (PPG), one of the world's leading coatings and specialty products company in order to accelerate growth of the non-decorative coatings businesses in India. As part of this arrangement, your Company and PPG have decided to enhance the existing presence in India by expanding the current 50-50 joint venture relationship, Asian PPG Industries Limited (APPG), by partnering in all segments of the coatings space in India except decorative coatings and also establish a second 50:50 joint venture.

APPG currently services the Indian transportation coatings markets and this change will expand its scope

to additionally service the industrial liquid, marine and consumer packaging markets. The second joint venture will service the protective, industrial powder, industrial containers and light industrial coatings markets.

The formation of the second Joint Venture involves certain statutory and procedural formalities to be complied with. As a first step to the joint venture formation, a new company named AP Coatings Limited (100% owned subsidiary of your Company) was formed. Till the formation of new Joint Venture, the Industrial business of your Company as well as the business of Asian Paints Industrial Coatings Limited (APICL, your Company's wholly owned subsidiary carrying on the business of powder coatings) will be carried out by AP Coatings Limited.

AP Coatings Limited along with two Indian subsidiaries of PPG will merge into APPG and thereafter, certain businesses will demerge into the new 50:50 Joint Venture Company. This arrangement is subject to regulatory approvals and pending filling of applications and petitions for merger and demerger in accordance with Section 391 to 394 of the Companies Act, 1956, before the Hon'ble High Court(s) and the subsequent sanction by the respective High Court(s).

Your Company will have effective management control in the second joint venture while PPG will take the lead in APPG. This would enable utilization of respective strengths in order to capture the growth in infrastructure development and globally driven markets in India.

#### **FIXED DEPOSITS**

Your Company has not accepted any fixed deposits during the year 2010-11 and there are no outstanding fixed deposits from the public as on 31<sup>st</sup> March, 2011.

#### **INSURANCE**

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

## 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

The Ministry of Corporate Affairs by notification dated 31<sup>st</sup> March, 2011, issued the Companies (Particulars of Employees) Amendment Rules, 2011, which amended the limits of remuneration of the employees mentioned under Companies (Particulars of Employees) Rule, 1975. Accordingly, as per the Companies (Particulars of Employees) Amendment Rules, 2011 and the provisions of Section 217(2A) of the Companies Act, 1956, details of the names and other particulars of employees drawing remuneration aggregating to more than ₹ 60,00,000 (Rupees Sixty Lacs Only) per annum and ₹ 5,00,000 (Rupees Five Lacs) per month, are required to be attached 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 31<sup>st</sup> March, 2011 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

Mr. P. M. Murty, Managing Director & CEO of your Company was awarded the 'CEO of the Year' by Business Standard for the year 2009-10. Mr. P. M. Murty was felicitated by the Hon'ble Prime Minister Shri Manmohan Singh in New Delhi on 25<sup>th</sup> March, 2011. Your Company congratulates Mr. P.M. Murty for this recognition and is proud of his contribution to the growth of your Company.

Mr. Deepak Satwalekar was recognised and awarded the 'Best Independent Director-2010' by the Global Advisory Board of Asian Centre for Corporate Governance & Sustainability at its 11th International Conference on Governance and Sustainability held in February, 2011. Your Company congratulates Mr. Deepak Satwalekar for this recognition.

As disclosed in the last year's Annual Report, Mr. Hasit Dani resigned as a Non-Executive Director of your Company on 3<sup>rd</sup> June, 2010. During the financial year 2010-11, the Board of Directors appointed Mrs. Ina Dani as an Additional Director with effect from 27<sup>th</sup> July, 2010. Mrs. Ina Dani is being appointed as the Director of your Company at the forthcoming Annual General Meeting. Your Directors recommend her appointment as a Director of your Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Dipankar Basu, Mr. Deepak Satwalekar, Mr. Amar Vakil and Mr. R. A. Shah retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Appropriate resolutions for their re-appointment 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. Your Directors recommend their re-appointment 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 re-appointment. Your Directors recommend their re-appointment 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 2010-11.

#### COST AUDITOR

Your Company has received approval from the Central Government for appointment of Ms. Ketki Visariya, as the Cost Auditor of the Company for the financial year 2010-11 to conduct the audit of the cost

records of the Company. Futher, the due date for submission of Cost Audit Report for the FY 2010-11 is 27<sup>th</sup> September, 2011.

#### APPRECIATION

Your Directors wish to thank and place on record their appreciation for all the employees at all levels for their hard work, solidarity, co-operation and support during the year. Your Directors wish to place on record their appreciation to customers, shareholders, vendors and bankers for their continued support.

For and on behalf of the Board



Ashwin Choksi

Chairman

Mumbai

10<sup>th</sup> May, 2011

## Annexure to Directors' Report

### Form A

Disclosure of particulars with respect to Conservation of Energy:

Particulars	2010-11	2009-10
<b>A Power and fuel consumption</b>		
1. Electricity		
a) Purchased		
Units ('000 KWH)	29,262	30,550
Total Amount (₹ in Crores)	14.89	14.20
Rate per unit (₹)	5.09	4.65
b) Own Generation		
Through diesel Generator		
Units ('000 KWH)	18,276	7,390
Units per ltr of diesel oil	3.53	3.30
Cost/unit (₹)	10.24	10.19
Natural Gas		
Units ('000 KWH)	6,430	6,572
Units per nm <sup>3</sup>	3.32	3.33
Cost/unit (₹)	5.23	4.66
2. Coal		
Quantity (in MTs)	18,182	15,688
₹ in Crores	8.66	5.98
Average rate/MT (₹)	4,761	3,812
3. Diesel		
Quantity (in KL)	1,642	1,485
₹ in Crores	6.21	5.10
Average rate/KL (₹)	37.82	34.34
4. Furnace Oil		
Quantity (in MTs)	1,209	978
₹ in Crores	3.61	2.42
Average rate (₹)	29.88	24.71
5. Natural Gas		
Quantity (in '000 cubic m.)	3,514	3,379
Total Amount (₹ in Crores)	5.73	4.69
Average rate (₹)	16.40	13.88

#### B. Consumption per unit of production

	Electricity		Furnace Oil		Natural Gas		Coal		Diesel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Paints	110	98	3	2	4	5	-	-	3	4
Phthalic	62	45	-	-	69	62	-	-	-	-
Penta	120	646	-	1	-	-	3	3	-	-

## Annexure to Directors' Report

### 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:

- Productivity improvement in manufacture of machine colorants.
- Opacity improvement for select Premium Gloss Enamel shades.
- New factory made shade in the Premium Gloss Enamel range, Mahogany was launched.
- Royale Luster Emulsion was launched.
- Productivity improvement and energy savings in water based paint manufacture.
- Two textured finishes – Pebbletex and Crosstex for exterior application launched.
- PU Pallette Metallic launched.
- Royale Play Stucco launched.
- Developed Economical Mono coat Stoving Black Enamel for 3 Wheeler industry.
- Developed Polyester Amino mono coat for automotive OEM segment.
- Developed Fleet PU range of Enamels for Auto Refinish market.
- Development of high solid high build splash zone epoxy coating capable of offering DFT up to 1500 micron in single coat by airless application.
- Development of 2K tough elastomeric polyurethane membrane for car park deck coating.
- Development of 3K heavy duty self levelling water based polyurethane flooring.
- Development of ambient cure high build heat resistant polysiloxane coating having dry heat resistance up to 600 deg C.
- Development of rapid recoat epoxy MIO intermediate suitable for recoating within 90 mins.
- Development of high strength epoxy repair mortar for industrial concrete floorings.

**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, the 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	(₹ in Crores)	
	2010-11	2009-10
Capital	3.67	1.21
Recurring	32.23	28.43
<b>Total</b>	<b>35.90</b>	29.64
Net Sales and operating income	6,322	5,125
R & D expenditure as % of net sales and operating income	0.57%	0.58%

**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, South America and Europe. The Di-pentaerythritol is used mainly as an additive in the manufacture of lubricants and refrigerants and the Monopentaerythritol is mainly used in the manufacture of explosives. The demand for your Company's products from these markets was stable during the year.

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

10<sup>th</sup> May, 2011

## 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<sup>st</sup> March 2011, 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<sup>st</sup> March 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2011 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<sup>st</sup> March 2011;
  - (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

10<sup>th</sup> May, 2011

**For B S R & Associates**

Chartered Accountants

Firm Registration No.: 116231W

**Natrajh Ramakrishna**

Partner

Membership No.: 32815

## Annexure to the Auditors' Report - 31<sup>st</sup> March, 2011

(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 Act.
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 Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 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 Act 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 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

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

- (b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of dues	Financial Year	Amount (₹ in Crores)	Forum where dispute is pending
Sales Tax	Assessment	F.Y. 1994-95 to 1995-96,	15.89	First Appellate level
	Dues	F.Y. 1997-98, F.Y. 2000-01 to 2009-10		
		F.Y. 1999-00 to 2001-02, F.Y. 2003-04 to 2006-07	0.79	Second Appellate level
		F.Y. 1991-92, F.Y. 1993-94, F.Y. 1996-97 to 1998-99, F.Y. 2000-01 to 2006-07	8.83	Tribunal
		F.Y. 1993-94, F.Y. 1997-98, F.Y. 2000-01 to 2006-07	1.34	High court
		F.Y. 1992-93, 1993-94	0.16	Supreme Court
<b>Total (A)</b>			<b>27.01</b>	
Central Excise Act, 1944	Dispute relating to Excise duty	F.Y. 1994-95, F.Y. 2007-08	0.14	First Appellate
		F.Y. 1992-93 to 1993-94, F.Y. 1995-96 to 2003-04, F.Y. 2006-07 to 2010-11	0.27	Tribunal
		F.Y. 1969-70 to 1972-73, F.Y. 1998-99 to 1999-00	0.09	High Court
<b>Total (B)</b>			<b>0.50</b>	
Income Tax	IT matters under dispute	A.Y. 2004-05 and A.Y. 2008-09 to 2010-11	0.92	Assessing officer
		A.Y. 2003-04 and A.Y. 2007-08	1.20	First Appellate
		A.Y. 1996-97 to A.Y. 1999-00 and A.Y. 2005-06	4.67	Tribunal
<b>Total (C)</b>			<b>6.79</b>	
<b>Grand Total (A)+(B)+(C)</b>			<b>34.30</b>	

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 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 Act 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 explanations 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

10<sup>th</sup> May, 2011**For B S R & Associates**

Chartered Accountants

Firm Registration No.: 116231W

**Natrajh Ramakrishna**

Partner

Membership No.: 32815

**Balance Sheet as at 31<sup>st</sup> March, 2011**

(₹ in Crores)

	Schedules	As at 31.03.2011	As at 31.03.2010
<b>FUNDS EMPLOYED</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	95.92	95.92
Reserves and Surplus	B	1,879.40	1,461.30
		1,975.32	1,557.22
<b>Loan Funds</b>	C		
Secured Loans		23.43	25.59
Unsecured Loans		41.43	43.00
		64.86	68.59
<b>Deferred Tax Liability (Net)</b>		75.50	47.90
(Refer Note B - 22 in Schedule'M')			
<b>Total</b>		<b>2,115.68</b>	1,673.71
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	D		
Gross Block		1,611.22	1,194.39
Less : Depreciation/Amortisation		554.03	486.93
Net Block		1,057.19	707.46
Add : Capital Work in Progress		39.67	380.72
		1,096.86	1,088.18
<b>Investments</b>	E		
		1,034.76	703.69
<b>Current Assets, Loans and Advances</b>	F		
Interest accrued on investments		0.17	0.16
Inventories		1,071.76	763.14
Sundry Debtors		366.68	331.43
Cash and Bank Balances		20.47	28.60
Other Current Assets		87.12	67.85
Loans and Advances		183.84	151.10
		1,730.04	1,342.28
<b>Less : Current Liabilities and Provisions</b>	G		
Current Liabilities		1,407.73	1,156.27
Provisions		338.25	304.17
		1,745.98	1,460.44
<b>Net Current Assets</b>		(15.94)	(118.16)
<b>Total</b>		<b>2,115.68</b>	1,673.71
<b>Significant Accounting Policies and Notes to Financial Statements</b>	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

**P.M. Murty**

Managing Director & CEO

**Tarjani Vakil**

Chairperson of Audit Committee

**H. N. Shah**

Partner  
Membership No. 08152

**Natraj Ramakrishna**

Partner  
Membership No. 32815

**Dipankar Basu**

Director

**Jayesh Merchant**

Chief Financial Officer & Company Secretary

Mumbai

10<sup>th</sup> May, 2011

## Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

(₹ in Crores)

	Schedules	Year 2010-11	Year 2009-10
<b>INCOME</b>			
Sales and Operating Income (Net of discounts)	H	6,943.88	5,528.82
Less: Excise duty		621.64	403.74
Sales and Operating Income (Net of discounts and excise duty)		6,322.24	5,125.08
Other Income	I	88.16	143.85
		<b>6,410.40</b>	<b>5,268.93</b>
<b>EXPENDITURE</b>			
Material Cost	J	3,646.87	2,840.24
Employee Cost	K	300.45	260.84
Manufacturing, Administrative, Selling and Distribution Expenses	L	1,230.42	1,014.14
		<b>5,177.74</b>	<b>4,115.22</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND EXCEPTIONAL ITEMS</b>			
Less : Interest (Refer Note B - 15 in Schedule 'M')		1,232.66	1,153.71
Less : Depreciation/Amortisation	D	15.35	13.76
		94.48	60.74
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>			
Add : Exceptional items (Refer Note B - 19 in Schedule 'M')		1,122.83	1,079.21
		-	25.46
<b>PROFIT BEFORE TAX</b>			
Less : Provision for Taxation:		1,122.83	1,104.67
Current Tax		325.49	334.01
Deferred Tax (Refer Note B - 22 in Schedule 'M')		26.41	2.45
(Excess) tax provision for earlier years		(4.22)	(6.29)
<b>PROFIT AFTER TAX</b>			
Add : Balance brought forward from previous year		<b>775.15</b>	774.50
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Dividend on Equity Shares:			
- Interim dividend		81.53	81.53
- Proposed Final dividend		225.41	177.45
Tax on Dividend (includes tax on proposed dividend)		50.11	43.33
Transfer to General Reserve		418.10	102.19
Balance carried to Balance Sheet		600.00	600.00
		<b>1,375.15</b>	<b>1,004.50</b>
Earnings per share (₹) Basic and diluted - Before exceptional items		80.81	78.09
Earnings per share (₹) Basic and diluted - After exceptional items		80.81	80.74
(Face value of ₹ 10 each)			
(Refer Note B - 26 in Schedule 'M')			
<b>Significant Accounting Policies and Notes to Financial Statements</b>			
As per our report of even date	M		
For and on behalf of the Board			
<b>For Shah &amp; Co.</b> Chartered Accountants FRN: 109430W	<b>For B S R &amp; Associates</b> Chartered Accountants FRN: 116231W	<b>Ashwin Choksi</b> Chairman	<b>P.M. Murty</b> Managing Director & CEO
<b>H. N. Shah</b> Partner Membership No. 08152	<b>Natrajh Ramakrishna</b> Partner Membership No. 32815	<b>Dipankar Basu</b> Director	<b>Jayesh Merchant</b> Chief Financial Officer & Company Secretary
Mumbai 10 <sup>th</sup> May, 2011			<b>Tarjani Vakil</b> Chairperson of Audit Committee

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

(₹ in Crores)

	2010-11	2009-10
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit before tax</b>	1,122.83	1,104.67
Adjustments for :		
Depreciation/Impairment	94.48	60.74
Interest income	(5.90)	(3.88)
Dividend income	(36.07)	(23.42)
Interest expense	15.35	13.76
Unrealised foreign exchange loss/(gain)	1.67	(0.73)
Profit on Sale of long term investments	-	(63.02)
Profit on Sale of short term investments	(0.45)	-
Profit on Sale of Fixed Assets	(1.87)	(7.02)
Exceptional items	-	(25.46)
<b>Operating Profit before Working Capital changes</b>	1,190.04	1,055.64
Adjustments for :		
Trade Receivables	(35.20)	(20.50)
Other Receivables	(26.19)	(60.91)
Inventories	(308.62)	(216.43)
Trade and other payables	277.37	383.60
<b>Cash generated from Operations</b>	1,097.40	1,141.40
Income Tax paid (net of refund)	(354.15)	(293.18)
<b>Net Cash generated from Operating Activities</b>	<b>743.25</b>	848.22
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(144.30)	(349.81)
Sale of Fixed Assets	2.94	8.96
Loans to subsidiaries	(0.19)	(0.03)
Repayment of loan to subsidiaries	-	3.45
Purchase of long term investments	(311.09)	(50.01)
Sale of long term investments	-	118.33
Profit on sale of short term investments	0.45	-
Interest received	5.89	3.88
Dividend received	36.07	23.42
<b>Net Cash used in Investing Activities</b>	<b>(410.23)</b>	(241.81)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	-	3.24
Proceeds from short term borrowings	2.04	0.33
Repayment of long term borrowings	(5.77)	(9.51)
Repayment of short term borrowings	-	(0.01)
Interest Paid	(16.12)	(14.57)
Dividend and Dividend tax paid	(301.30)	(218.28)
<b>Net Cash used in Financing Activities</b>	<b>(321.15)</b>	(238.80)
<b>D. Net Increase in Cash</b>	<b>11.87</b>	367.61
<b>Cash and Cash equivalent as at 1<sup>st</sup> April, 2010*</b>	<b>495.55</b>	128.26
Less: Effect of exchange loss on cash and cash equivalents	0.02	0.32
<b>Cash and Cash equivalent as at 31<sup>st</sup> March, 2011 *</b>	<b>507.40</b>	495.55

\*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

**P.M. Murty**

Managing Director  
& CEO

**Tarjani Vakil**

Chairperson of  
Audit Committee

**H. N. Shah**

Partner  
Membership No. 08152

**Natrajh Ramakrishna**

Partner  
Membership No. 32815

**Dipankar Basu**

Director

**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

Mumbai

10<sup>th</sup> May, 2011

## Schedules Forming Part of the Balance Sheet

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>Authorised</b>		
9,95,00,000 (Previous year 9,95,00,000) Equity Shares of ₹ 10/- each	99.50	99.50
50,000 (Previous year 50,000) 11% Redeemable Cumulative Preference Shares of ₹ 100/- each	0.50	0.50
	<b>100.00</b>	100.00
<b>Issued, Subscribed and Paid up capital</b>		
9,59,19,779 (Previous year 9,59,19,779) Equity Shares of ₹ 10/- each fully paid:		
a) 9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of ₹ 10/- each fully paid up issued on capitalisation of Share premium account (₹ 2.19 crores) and General Reserves (₹ 91.80 crores)		
b) 2,94,000 (Previous year 2,94,000) shares of ₹ 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
	<b>95.92</b>	95.92
<b>SCHEDULE B : RESERVES AND SURPLUS</b>		
<b>Capital Reserve [₹ 5,000/- (Previous year ₹ 5,000/-)]</b>		
<b>Capital Redemption Reserve</b>	0.50	0.50
<b>General Reserve</b>		
As per last Balance Sheet	860.80	768.05
Add : Transfer from Profit and Loss Account	418.10	102.19
Less: Adjustment on account of merger of Technical Instruments Manufacturers (India) Limited, Company's wholly owned subsidiary, w.e.f. 1 <sup>st</sup> April, 2009, pursuant to the scheme of Amalgamation under Section 391 to 394 sanctioned by the Hon'ble High Court of Bombay by its order dated 24 <sup>th</sup> July, 2009.	-	(9.44)
	1,278.90	860.80
	600.00	600.00
	<b>1,879.40</b>	1,461.30

## Schedules Forming Part of the Balance Sheet

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE C : SECURED AND UNSECURED LOANS</b>		
<b>Secured Loans</b>		
<b>Long Term:</b>		
<b>Loans</b>		
Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh) (Refer note no. 1 below)	21.06	25.26
<b>Short Term:</b>		
<b>Loan from banks</b>		
Cash Credit Accounts (Refer note no. 2 below)	2.37	0.33
	<b>23.43</b>	25.59
<b>Unsecured Loans</b>		
<b>Long Term:</b>		
Trade deposits - interest free	0.73	2.30
Sales tax deferment scheme - State of Andhra Pradesh (Refer note no. 3 below)	40.70	40.70
	<b>41.43</b>	43.00
<b>Notes:</b>		
(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.	21.06	25.26
Amount repayable within one year.	4.05	4.20
(2) Secured by hypothecation of inventories, book debts and other current assets.	2.37	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.	-	-
(4) The Company is also eligible to avail the benefit of interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced by Rohtak plant for a period of seven full financial years beginning from April 2010. The Company is in the process of making necessary application to Haryana Government for the disbursement of loan for the period ended 31 <sup>st</sup> March, 2011.		

## Schedules Forming Part of the Balance Sheet

### SCHEDULE D : FIXED ASSETS

	Gross Block					Depreciation/Amortisation					Impairment			(₹ in Crores)	
	As at 01.04.10	Additions during the year	Deductions and/or adjustments	As at 31.03.11	As at 01.04.10	Additions during the year	Deductions and/or adjustments	As at 31.03.11	As at 01.04.10	Additions	Deductions and/or adjustments	As at 31.03.11	As at 31.03.11	Net Block As at 31.03.10	
<b>Tangible Assets :</b>															
Freehold Land	90.88	1.29	-	92.17	-	-	-	-	-	-	-	-	-	92.17	90.88
Leasehold Land	95.08	-	-	95.08	1.83	1.09	-	2.92	-	-	-	-	-	92.16	93.25
Buildings	229.47	158.17	0.27	387.37	54.79	11.63	0.06	66.36	-	-	-	-	-	321.01	174.68
Plant and Machinery	601.23	262.19	10.61	852.81	329.02	65.28	9.86	384.44	7.08	0.10	0.48	6.70	461.67	265.13	
Assets given on Operating Lease : Tinting systems	19.66	-	11.17	8.49	14.70	0.26	8.62	6.34	4.48	-	2.51	1.97	0.18	0.48	
Scientific Research:															
Equipment	36.13	1.55	4.46	33.22	14.93	3.65	3.92	14.66	0.48	-	-	0.48	18.08	20.72	
Buildings	37.38	-	-	37.38	2.14	1.25	-	3.39	-	-	-	-	33.99	35.24	
Furniture and Office Equipment	32.90	8.50	1.20	40.20	18.72	4.22	1.05	21.89	1.24	-	0.14	1.10	17.21	12.94	
Vehicles	1.51	0.03	0.09	1.45	1.15	0.19	0.09	1.25	-	-	-	-	0.20	0.36	
Leasehold Improvements	3.45	1.61	-	5.06	1.96	1.12	-	3.08	-	-	-	-	1.98	1.49	
<b>Intangible Assets :</b>															
Trademark	11.92	-	-	11.92	-	-	-	11.92	-	-	-	-	-	-	
Software	34.78	11.94	0.65	46.07	22.49	5.69	0.65	27.53	-	-	-	-	18.54	12.29	
Total	1,194.39	445.28	28.45	1,611.22	473.65	94.38	24.25	543.78	13.28	0.10	3.13	10.25	1,057.19	707.46	
Previous year	1,116.93	148.76 *	71.30	1,194.39	466.82	62.11 *	55.28	473.65	27.20	0.16	14.08	13.28	707.46		

\*Includes ₹ 12.35 crores in Gross Block of Assets and ₹ 1.53 crores in Depreciation/Amortisation, being assets acquired on merger of wholly owned subsidiary Technical Instruments Manufacturers (India) Limited with the Company w.e.f. 01.04.2009.

## Schedules Forming Part of the Balance Sheet

	Nos.	Face value (₹)	As at 31.03.2011	As at 31.03.2010	(₹ in Crores)
<b>SCHEDULE E : INVESTMENTS</b>					
<b>Long Term Investments</b>					
<b>Unquoted</b>					
<b>(i) In Government Securities</b>					- -
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities [₹ 39,500/- (Previous year ₹ 39,500/-)]					
<b>(ii) Trade Investments</b>					
(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-Acqua Infrastructure Ltd.	4,78,270	10/-	0.48	0.48	
			0.52	0.52	
<b>(iii) Investments in Joint Venture</b>					
Asian PPG Industries Ltd.	1,46,25,000	10/-	14.63	14.63	
<b>(iv) Other Investments</b>					
Equity Shares of SKH Metals Ltd.	62,500	10/-	0.50	0.50	
<b>(v) Subsidiary Companies</b>					
(a) Equity Shares of Asian Paints Industrial Coatings Ltd.	3,04,50,000	10/-	30.45	30.45	
(b) Ordinary Shares of Asian Paints (International) Ltd., Mauritius.	2,39,45,444 (2,80,45,444)	US \$ 1	113.07	132.43	
Less : Buyback of 41,00,000 Share at US \$ 1/- (Refer Note B - 19 (a) in Schedule 'M')			-	(19.36)	
Less : Provision for diminution as under :			113.07	113.07	
Opening provision			(14.04)	(39.50)	
Reversal of provision consequent to buyback of shares (Refer Note B - 19 (a) in Schedule 'M')			-	5.77	
Reversal of provision during the year (Refer Note B - 19 (b) in Schedule 'M')			-	19.69	
			(14.04)	(14.04)	
			99.03	99.03	
(c) Equity Shares of Asian Paints (Nepal) Pvt. Limited, Nepal.	10,84,770	NPR 10/-	0.12	0.12	
(d) Equity Shares of Maxbhumi Developers Limited	50,000	10/-	0.05	0.05	
(e) Equity Shares of Multifacet Infrastructure (India) Limited	50,000	10/-	0.05	0.01	
(40,000 shares allotted during the year)	(10,000)				
(f) Equity Shares of AP Coatings Ltd.	50,000	10/-	0.05	-	
(50,000 shares allotted during the year)					
			129.75	129.66	
<b>Total Long Term Unquoted Investments</b>			145.40	145.31	

## Schedules Forming Part of the Balance Sheet

	Nos.	Face value (₹)	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE E : INVESTMENTS</b>				
<b>Long Term Investments</b>				
<b>Quoted</b>				
<b>(i) Trade Investments</b>				
Akzo Nobel India Ltd. (Formerly ICI (India) Ltd.)	20,10,626	10/-	41.30	41.30
<b>(ii) Other Investments</b>				
Housing Development Finance Corporation Ltd.	4,65,000	2/-	0.12	0.12
(Shares held by the Company has increased from 93,000 to 4,65,000 due to share split during the year)	(93,000)	(10/-)		
Apcotex Industries Ltd.	3,418	10/-	0.01	0.01
<b>(iii) Investment in Mutual Funds</b>				
ICICI Prudential Fixed Maturity Plan Series 51 - 15 Months Plan E	50,00,000	10/-	5.00	5.00
KOTAK Fixed Maturity Plan Series 6 - Growth	50,00,000	10/-	5.00	5.00
SUNDARAM Fixed Term Plan Series Y - Growth	1,00,00,000	10/-	10.00	10.00
RELIANCE Fixed Horizon Fund - XIV - Series 1 - Growth Plan	2,00,00,000	10/-	20.00	20.00
ICICI Prudential Fixed Maturity Plan Series 51 - 13 Months Plan C *	50,00,000	10/-	5.00	5.00
RELIGARE Fixed Maturity Plan - Series II Plan B 15 Months - Growth *	50,00,000	10/-	5.00	5.00
DWS Fixed Term Fund - Series 71 - Growth Plan	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan AN 367 Days	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Yearly Series 33 - Growth	50,00,000	10/-	5.00	-
SUNDARAM Fixed Term Plan AO 367 Days	50,00,000	10/-	5.00	-
RELIANCE Fixed Horizon Fund - XVI - Series 1 - Growth	1,00,00,000	10/-	10.00	-
UTI Fixed Maturity Plan - Yearly Fixed Maturity Plan Series Institutional Growth (12/10)	50,00,000	10/-	5.00	-
UTI Fixed Term Income Fund Series VIII - V (366 Days)	2,00,00,000	10/-	20.00	-
BIRLA SUN LIFE Fixed Term Plan Series CK Growth	1,00,00,000	10/-	10.00	-
IDFC Fixed Maturity Yearly Series 35 Growth	50,00,000	10/-	5.00	-
SUNDARAM Fixed Term Plan AV 366 Days Growth	50,00,000	10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan - Series CM Growth	1,00,00,000	10/-	10.00	-
RELIGARE FMP Series V Plan A 368 days Growth Plan	1,00,00,000	10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Years Plan A Cumulative	1,00,00,000	10/-	10.00	-
IDFC Fixed Maturity Yearly Series 36 Growth	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan AW 366 Days Growth	1,00,00,000	10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan B Cumulative	1,00,00,000	10/-	10.00	-
JM Fixed Maturity Fund Series XIX Plan A - Growth Plan 412	1,00,00,000	10/-	10.00	-

## Schedules Forming Part of the Balance Sheet

	Nos.	Face value (₹)	As at 31.03.2011	As at 31.03.2010
KOTAK Fixed Maturity Plan Series 37 - Growth	1,00,00,000	10/-	10.00	-
IDFC Fixed Maturity Yearly Series 37 - Growth	1,00,00,000	10/-	10.00	-
RELIGARE Fixed Maturity Plan-Series V - Plan E 370 Days - Growth	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan AX 366 Days Growth	50,00,000	10/-	5.00	-
SBI Debt Fund Series - 370 Days - 10 Growth	1,10,00,000	10/-	11.00	-
IDFC Fixed Maturity Plan- Yearly Series 41 - Growth	1,00,00,000	10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan A Cumulative	1,00,00,000	10/-	10.00	-
CANARA ROBECO Fixed Maturity Plan Series 6 - 13 Month-Plan B - Growth	1,00,00,000	10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan B Cumulative	50,00,000	10/-	5.00	-
RELIGARE Fixed Maturity Plan Series VI - Plan D-370 Days - Growth Plan	50,00,000	10/-	5.00	-
KOTAK Fixed Maturity Plan Series 40 - Growth	1,00,00,000	10/-	10.00	-
KOTAK Fixed Maturity Plan Series 42 - Growth	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Plan - Yearly Series 42 - Growth	50,00,000	10/-	5.00	-
RELIGARE Fixed Maturity Plan Series VI - Plan E - 367 Days - Growth Plan	1,00,00,000	10/-	10.00	-
BIRLA SUN LIFE Fixed Term Plan Series CW - Growth	1,00,00,000	10/-	10.00	-
TATA Fixed Maturity Plan Series 31 Scheme C - Growth	50,00,000	10/-	5.00	-
HDFC Fixed Maturity Plan 370D March 2011(5) - Growth-Series XVI	1,00,00,000	10/-	10.00	-
UTI Fixed Term Income Fund Series IX - I (367 Days) - Growth	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan BA 366 Days Growth	1,00,00,000	10/-	10.00	-
<b>Total Long Term Quoted Investments</b>			<b>402.43</b>	<b>91.43</b>
<b>Total Long Term Investments</b>			<b>547.83</b>	<b>236.74</b>

\* Investments have been reclassified under "Quoted" in the current year compared to "Unquoted" in the last year due to change in status during the year.

## Schedules Forming Part of the Balance Sheet

	Nos.	Face value (₹)	As at 31.03.2011	As at 31.03.2010
<b>Current Investments (Unquoted)</b>				
<b>Investments in Fixed Deposits:</b>				
Housing Development Finance Corporation Limited			10.00	-
<b>Investments in Mutual Funds:</b>				
BIRLA SUN LIFE Savings Fund - Institutional - Growth	2,43,51,414.831	10/-	45.42	58.26
	(3,33,33,364.592)			
ICICI Prudential Flexible Income Plan Premium - Growth	27,24,948.901	100/-	49.80	48.30
	(28,20,799.090)			
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth	32,74,568.130	10/-	3.81	58.75
	(5,38,18,266.852)			
JM Money Manager Fund Super Plus Plan - Growth (3,28,75,322.973 units sold during the year)	(3,28,75,322.973)	10/-	-	42.68
KOTAK Flexi Debt Scheme Institutional - Growth (4,75,68,403.795 units sold during the year)	(4,75,68,403.795)	10/-	-	53.87
LIC NOMURA MF Savings Plus Fund - Growth Plan (4,03,07,389.144 units sold during the year)	(4,03,07,389.144)	10/-	-	59.00
RELIANCE Money Manager Fund - Institutional Option - Growth Plan (3,00,908.402 units sold during the year)	(3,00,908.402)	1,000/-	-	37.75
RELIGARE Ultra Short Term Fund - Institutional Growth	2,84,667.924	1,000/-	38.47	53.24
	(4,20,50,552.695)	(10/-)		
TATA Floater Fund - Growth	6,37,80,016.607	10/-	93.53	55.10
	(4,01,31,946.742)			
SBI - SHF - Ultra Short Term Fund-Institutional Plan - Growth	3,91,18,075.661	10/-	50.06	-
TEMPLETON INDIA Ultra Short Bond Fund Super Institutional Growth Plan	7,70,44,051.050	10/-	97.55	-
BIRLA SUN LIFE Short Term Opportunities Fund - Institutional Growth	89,66,221.890	10/-	10.04	-
CANARA ROBECO Treasury Advantage Super Institutional Growth Fund	47,36,766.547	10/-	7.03	-
SUNDARAM Ultra Short Term Fund Super Institutional Growth	1,05,64,676.783	10/-	14.00	-
KOTAK Floater Long Term - Growth	3,47,80,368.271	10/-	54.19	-
UTI Treasury Advantage Fund-Institutional Plan - (Growth Option)	98,721.654	1,000/-	13.03	-
<b>Total Current Investments</b>			486.93	466.95
<b>Total Investments</b>			<b>1,034.76</b>	703.69
Aggregate market value of Long term Quoted Investments :			568.57	186.79

**Note :**

- Figures in brackets indicate that of previous year.

## Schedules Forming Part of the Balance Sheet

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

		Nos.	Face Value (`)	Purchase Cost (` in Crores)
<b>Units in Mutual Funds</b>				
(1)	BIRLA SUN LIFE Cash Plus - Institutional Premium - Daily Dividend	31,83,79,160.637	10/-	318.38
(2)	BIRLA SUN LIFE Savings Fund - Institutional - Daily Dividend - Reinvestment	29,91,26,301.703	10/-	299.13
(3)	BIRLA SUN LIFE Short Term Opportunities Fund - Institutional - Weekly Dividend	99,95,801.763	10/-	10.00
(4)	CANARA ROBECO Liquid Super Institutional Daily Dividend Reinvestment Fund	59,67,180.507	10/-	5.97
(5)	CANARA ROBECO Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund	7,73,75,051.382	10/-	77.38
(6)	DWS INSTA Cash Plus Fund - Super Institutional Plan Daily Dividend	20,85,44,992.546	10/-	208.54
(7)	DWS ULTRA Short Term Fund - Institutional Daily Dividend	12,27,95,800.800	10/-	122.80
(8)	IDFC Cash Fund Super Institutional Plan C - Daily Dividend	24,35,71,580.802	10/-	243.57
(9)	HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	11,06,61,343.520	10/-	110.66
(10)	HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvestment	12,81,84,385.710	10/-	128.18
(11)	ICICI PRUDENTIAL Flexible Income Plan Premium - Daily Dividend	1,81,90,962.713	100/-	181.91
(12)	ICICI PRUDENTIAL Liquid Super Institutional Plan - Daily Dividend	75,98,307.777	100/-	75.98
(13)	ICICI PRUDENTIAL Ultra Short Term Plan Super Premium - Daily Dividend	9,63,16,811.915	10/-	96.32
(14)	IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Daily Dividend	9,38,50,074.367	10/-	93.85
(15)	IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Daily Dividend	17,27,96,518.825	10/-	172.80
(16)	JM High Liquidity Fund Super Institutional Plan - Daily Dividend	5,69,06,104.927	10/-	56.91
(17)	JM Money Manager Fund Super Plus Plan - Daily Dividend	11,96,58,770.434	10/-	119.66
(18)	KOTAK Flexi Debt Scheme Institutional - Daily Dividend	7,15,84,519.138	10/-	71.58
(19)	KOTAK Floater Long Term - Daily Dividend	7,64,07,316.030	10/-	76.41
(20)	KOTAK Floater Short Term - Daily Dividend	2,47,12,836.836	10/-	24.71
(21)	KOTAK Liquid (Institutional Premium) Daily Dividend	1,47,20,193.652	10/-	14.72
(22)	LIC NOMURA MF Interval Fund Series 1 Monthly Dividend Plan	50,02,639.639	10/-	5.00
(23)	LIC NOMURA MF Income Plus Fund - Daily Dividend Plan	8,00,10,307.047	10/-	80.01
(24)	LIC NOMURA MF Liquid Fund - Dividend	16,20,31,230.639	10/-	162.03
(25)	LIC NOMURA MF Savings Plus Fund - Daily Dividend Plan	10,50,39,766.447	10/-	105.04
(26)	RELIANCE Fixed Horizon Fund - XV Series 2 - Dividend Plan	2,00,00,000.000	10/-	20.00
(27)	RELIANCE Liquidity Fund - Daily Dividend Reinvestment Option	8,44,90,691.648	10/-	84.49

## Schedules Forming Part of the Balance Sheet

	Nos.	Face Value (``)	Purchase Cost (`` in Crores)
(28) RELIANCE Money Manager Fund Retail Option - Daily Dividend Plan	99,897.282	1,000/-	9.99
(29) RELIANCE Money Manager Fund - Institutional Option - Daily Dividend Plan	11,07,440.948	1,000/-	110.74
(30) RELIANCE Monthly Interval Fund - Series II - Institutional	99,98,200.324	10/-	10.00
(31) RELIGARE Liquid Fund - Super Institutional - Daily Dividend	11,82,67,749.393	10/-	118.27
(32) RELIGARE Ultra Short Term Fund - Institutional - Daily Dividend	19,78,26,197.579	10/-	197.83
(33) SBI - Magnum Insta Cash Fund - Daily Dividend Option	9,49,24,374.432	10/-	94.92
(34) SBI-SHF-Ultra Short Term Fund - Institutional Plan - Daily Dividend	14,49,27,112.137	10/-	144.93
(35) SUNDARAM Interval Fund Quarterly - Plan D - Institutional Dividend	1,00,00,000.000	10/-	10.00
(36) SUNDARAM Flexible Fund Short Term Institutional - Daily Dividend	1,29,34,930.383	10/-	12.93
(37) SUNDARAM Interval Fund Quarterly - Plan - B - Institutional Dividend	50,00,648.817	10/-	5.00
(38) SUNDARAM Money Fund Super Institutional Daily Dividend Reinvestment	1,78,30,079.344	10/-	17.83
(39) TATA Fixed Income Portfolio Fund Scheme A2 Institutional Dividend	1,00,00,072.212	10/-	10.00
(40) TATA Fixed Income Portfolio Fund Scheme B3 Institutional Quarterly Dividend	1,00,00,000.000	10/-	10.00
(41) TATA Floater Fund - Daily Dividend	13,87,15,321.505	10/-	138.72
(42) TATA Liquid Super High Investment Fund - Daily Dividend	7,53,687.686	1,000/-	75.37
(43) TEMPLETON INDIA Treasury Management Account Super - Institutional Plan - Daily Dividend	25,88,258.102	1,000/-	258.83
(44) TEMPLETON INDIA Ultra Short Bond Fund Super Institutional - Daily Dividend	25,87,29,013.090	10/-	258.73
(45) UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VII - Institutional Dividend Plan	1,00,64,732.398	10/-	10.06
(46) UTI Fixed Income Interval Fund-Series II - Quarterly Interval Plan VI - Institutional Dividend Plan Reinvestment	1,00,00,000.000	10/-	10.00
(47) UTI Liquid Cash Plan Institutional - Daily Income Option	15,97,074.339	1,000/-	159.71
(48) UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend) - Reinvestment	19,01,018.874	1,000/-	190.10

## Schedules Forming Part of the Balance Sheet

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets</b>		
<b>(i) Interest accrued on investments</b>	<b>0.17</b>	0.16
<b>(ii) Inventories</b>		
(a) Raw materials	416.18	280.10
(b) Packing materials	27.03	16.18
(c) Finished goods (including Paints purchased for resale)	546.96	408.16
(d) Work-in-process	57.86	39.51
(e) Stores, spares and consumables	22.02	17.87
(f) Other traded items	1.71	1.32
	<b>1,071.76</b>	763.14
<b>(iii) Sundry Debtors (Unsecured)</b>		
(a) Outstanding for more than six months		
Considered good	2.54	2.43
Considered doubtful	6.71	6.92
	9.25	9.35
(b) Other debts		
Considered good	364.14	329.00
Considered doubtful	0.02	-
	364.16	329.00
Less : Provision for doubtful debts	373.41	338.35
	6.73	6.92
	<b>366.68</b>	331.43
(Refer Note B - 13 in Schedule 'M')		
<b>(iv) Cash and Bank Balances</b>		
(a) Cash on hand	0.13	0.12
(b) Balances with Scheduled Banks :		
(i) Current Accounts	20.15	28.46
(ii) Term Deposits	0.19	0.02
	<b>20.47</b>	28.60
<b>(v) Other Current Assets</b>		
Other receivables	<b>87.12</b>	67.85
[Includes net receivables from subsidiaries ₹ 11.59 Crores (Previous year ₹ 13.72 Crores)]		

## Schedules Forming Part of the Balance Sheet

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
<b>Loans and Advances</b>		
<b>(i) Wholly owned subsidiaries</b>		
Interest free loan - unsecured and considered good	14.16	13.97
Maxbhumi Developers Limited		
[Maximum outstanding during the year ₹ 14.16 crores		
(Previous year ₹ 14.22 crores)]		
<b>(ii) Other Loans and Advances :</b>		
<b>Unsecured and considered good</b>		
(a) Balances with Customs, Central Excise etc.	15.54	26.79
(b) Sundry deposits	27.07	24.31
(c) Advances/claims recoverable in cash or in kind	89.68	74.10
(d) Advances to employees	1.16	0.97
(e) Advances against capital expenditure	27.65	10.96
(f) Advance payment of taxes	8.58	-
[Net of Provision for Tax of ₹ 1805.32 crores	169.68	137.13
(Previous year ₹ NIL)]		
<b>Unsecured and considered doubtful</b>		
Advances/claims recoverable in cash or in kind	2.68	2.68
Less: Provision for doubtful advances/ claims recoverable in cash		
or in kind	(2.68)	(2.68)
	-	-
	<b>183.84</b>	151.10
	<b>1,730.04</b>	1,342.28

## Schedules Forming Part of the Balance Sheet

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
<b>(i) Acceptances</b>	308.15	292.72
<b>(ii) Sundry creditors</b>		
(a) Dues to Micro and Small Enterprises (Refer Note B - 17 in Schedule 'M')	3.81	1.72
(b) Others	739.92	569.99
	743.73	571.71
	1,051.88	864.43
<b>(iii) Investor Education and Protection Fund *</b>		
(a) Unpaid/Unclaimed dividend	4.10	3.41
(b) Unpaid/Unclaimed matured deposits [₹ 15,000/- (Previous year ₹ 15,000/-)]	-	-
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.04	0.04
	4.14	3.45
<b>(iv) Other liabilities</b>		
(a) Employees (including ₹ 1.50 crores due to Managing Director Previous year ₹ 1.50 crores due to Managing Director)	56.77	51.63
(b) Others [including ₹ 1.89 crores due to Non-Executive Directors (Previous year ₹ 1.89 crores due to Non-Executive Directors)]	294.94	236.76
	351.71	288.39
	<b>1,407.73</b>	1,156.27
<b>Provisions</b>		
<b>(i) Proposed Dividend</b>	225.41	177.45
<b>(ii) Provision for tax on Proposed Dividend</b>	36.57	29.47
<b>(iii) Provision for tax (Net of advance tax)</b> [Net of Advance Tax ₹ NIL (Previous year ₹ 1459.75 crores)]	-	25.50
<b>(iv) Provision for accrued leave</b>	53.86	47.02
<b>(v) Defined benefit obligations (Refer note B - 25 in Schedule 'M')</b>	12.65	15.26
<b>(vi) Other provisions (Refer note B - 21 in Schedule 'M')</b>	9.76	9.47
	<b>338.25</b>	304.17
	<b>1,745.98</b>	1,460.44

\* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31<sup>st</sup> March, 2011. These amounts shall be paid to the Fund as and when they become due.

## Schedules Forming Part of the Profit and Loss Account

	(₹ in Crores)	
	Year 2010-2011	Year 2009-2010
<b>SCHEDULE H : SALES AND OPERATING INCOME</b>		
<b>Sales:</b>		
Home Market (Net of returns)	7,171.36	5,732.81
Exports	30.62	20.71
Turnover	7201.98	5753.52
Less: Discounts	284.93	247.65
<b>Sales (Net of discounts)</b>	<b>6917.05</b>	<b>5505.87</b>
<b>Operating Income:</b>		
Processing charges	14.03	10.26
Lease Rent	0.14	0.37
Revenue from Home Solutions operations	12.66	12.32
	26.83	22.95
	<b>6943.88</b>	<b>5528.82</b>
<b>SCHEDULE I: OTHER INCOME</b>		
Interest	5.90	3.88
[TDS ₹ 0.10 crores (Previous year ₹ 0.08 crores)]		
(Refer Note B - 16 in Schedule 'M')		
Claims received	0.03	0.45
Dividend received		
(i) From subsidiary companies	1.02	1.02
[TDS ₹ 0.05 crores (Previous year ₹ 0.05 crores)]		
(ii) Long term investments - Trade	3.22	6.02
(iii) Long term investments - Others	0.34	0.28
(iv) Short term investments	31.49	16.10
	36.07	23.42
Royalty	15.78	17.62
[TDS ₹ 3.08 crores (Previous year ₹ 1.54 crores)]		
Reversal of provision for liabilities no longer required	-	1.08
Profit on sale of long term investments	-	63.02
Profit on sale of short term investments (Net)	0.45	-
Profit on sale of fixed assets (Net) (Refer Note B - 18 in Schedule 'M')	1.87	7.02
Exchange difference (Net)	0.21	5.42
Miscellaneous income	27.85	21.94
	<b>88.16</b>	<b>143.85</b>

## Schedules Forming Part of the Profit and Loss Account

(₹ in Crores)

	Year 2010-2011	Year 2009-2010
<b>SCHEDULE J : MATERIAL COST</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	280.10	195.08
Add : Purchases	3,218.00	2,446.95
	3,498.10	2,642.03
Less : Closing Stock	416.18	280.10
	3,081.92	2,361.93
<b>Packing Materials Consumed</b>		
Opening Stock	16.18	15.71
Add : Purchases	610.85	493.51
	627.03	509.22
Less : Closing Stock	27.03	16.18
	600.00	493.04
<b>Cost of Paints purchased for resale</b>		
Opening Stock	6.79	5.47
Add : Purchases	67.51	53.08
(Quantity MT 52,820 - Previous year MT 37,052)	74.30	58.55
Less : Closing Stock	7.46	6.79
	66.84	51.76
<b>Cost of other goods sold</b>		
Opening Stock	1.32	1.60
Add : Purchases	38.05	39.07
	39.37	40.67
Less : Closing Stock	1.71	1.32
	37.66	39.35
	3,786.42	2,946.08
<b>(Increase) in finished goods and work-in-process</b>		
Opening Stock	440.88	312.41
Closing Stock	597.36	440.88
	(156.48)	(128.47)
<b>Increase in Excise duty on finished goods</b>	16.93	22.63
	<b>3,646.87</b>	<b>2,840.24</b>
<b>SCHEDULE K : EMPLOYEE COST</b>		
Salaries, wages, allowances, commission, bonus and accrued leave salary	257.22	223.11
Contribution to Defined contribution plans: Provident and other Funds	14.38	12.54
Defined Benefit Plans (Gratuity and other Plans)	10.75	11.12
(Refer Note B - 25 in Schedule 'M')	18.10	14.07
Staff welfare expenses	<b>300.45</b>	<b>260.84</b>
(For managerial remuneration, Refer Note B - 5(b) in Schedule 'M')		

## Schedules Forming Part of the Profit and Loss Account

	(₹ in Crores)	
	Year 2010-2011	Year 2009-2010
<b>SCHEDULE L: MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES</b>		
Stores and spares	24.99	19.11
Power and fuel	65.98	47.03
Processing charges	41.67	35.29
Repairs and Maintenance :		
Buildings	8.16	5.01
Machinery	8.61	5.91
Others	17.79	17.11
	34.56	28.03
Rent	50.36	36.23
Rates and taxes	16.69	21.76
Insurance	4.70	3.89
Printing, stationery and communication expenses	24.57	22.17
Travelling expenses	33.69	29.32
Donations	1.87	1.95
Commission to Non-Executive Directors	1.89	1.89
Directors' sitting fees	0.17	0.20
Auditors' remuneration	1.17	1.08
Bank charges	0.99	5.34
Information Technology expenses	11.18	11.10
Legal and professional expenses	11.08	7.92
Training and recruitment	6.55	3.94
Freight and handling charges	269.22	213.93
Advertisement and sales promotional expenses	282.35	244.25
Cash and payment performance discount	291.82	234.37
Bad debts written off	1.43	1.17
Provision for doubtful debts and advances	(0.19)	2.14
Miscellaneous expenses	53.68	42.03
	<b>1,230.42</b>	<b>1,014.14</b>

## Schedules Forming Part of the Financial Statements

### 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 directly attributable costs related to the acquisition or construction 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 category of 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

Godowns, Office and Roads situated within factory premises : 30 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 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 ₹ 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. 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 written down/ provided for.
- (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 or loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

**7. Transactions 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 currency 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 recognised 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 being 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 recognized 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:

	(₹ in Crores)	
	2010-2011	2009-2010
1. Estimated amount of contracts remaining to be executed on capital account and not provided for.	298.81	36.87
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31 <sup>st</sup> March, 2011.	54.86	33.19
<b>3. Contingent Liabilities:</b>		
a) Guarantee given on behalf of Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems.	5.33	11.41
b) Corporate guarantees issued by the Company to certain banks on behalf of some of its subsidiaries.	130.60	128.79
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 15 <sup>th</sup> May, 2012.	63.11	77.18
d) Claims against the Company not acknowledged as debts	65.02	41.50
i. Tax matters in dispute under appeal	6.11	5.23
ii. Others.		
<b>4. Auditors' remuneration :</b>		
Statutory audit fee	0.84	0.76
Tax audit fees	0.06	0.06
Certification fees and other services	0.15	0.14
Out of pocket expenses	0.06	0.06
Cost audit fees	0.04	0.04
In addition, associate firms of the joint statutory auditor's firm has been paid ₹ 0.60 crores for other consulting services during the year (Previous year ₹ 0.25 crores).		
<b>5. (a) Computation of Profit for the year ended 31<sup>st</sup> March, 2011 under Section 349 of the Companies Act, 1956.</b>		
Net Profit as per Profit and Loss Account	775.15	774.50
Add : Provision for tax	321.27	327.72
Provision for deferred tax	26.41	2.45
Less : Surplus on sale of long term investments (Net)	-	63.02
Profit on sale of assets (Net)	1.87	7.02
Exceptional item [Refer Note B - 19 (a) and (b)]	-	25.46
Profit under Section 349 of the Companies Act,1956	1,120.96	1,009.17
Add : Managerial remuneration	5.79	5.52
Profit under Section 198 of the Companies Act,1956	1,126.75	1,014.69
Commission to non-executive directors :		
Subject to a ceiling of 1% of profit as computed above :	11.27	10.15
Commission actually paid	1.89	1.89
Remuneration to Managing Director :		
Subject to a ceiling of 5% of profit as computed above :	56.34	50.73
Total Remuneration actually paid	3.73	3.43
<b>(b) Details of managerial remuneration under Section 198 of the Companies Act, 1956</b>		
Salaries and allowances	1.50	1.31
Commission to Managing Director – maximum permissible limit is 0.75% of the profit as computed under Section 349, as approved by the Shareholders.	1.50	1.50
Contribution to Provident fund	0.13	0.11
Perquisites	0.60	0.51
<b>Sub Total</b>	3.73	3.43
Sitting Fees to Non-Executive Directors	0.17	0.20
Commission to Non-Executive Directors	1.89	1.89
<b>Sub Total</b>	2.06	2.09
<b>Grand Total</b>	<b>5.79</b>	5.52

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 <sup>(1)</sup>		Production	
			As at 31.03.2011	As at 31.03.2010	2010-2011	2009-2010
a) Paints, enamels and varnishes	MT/KL	In-house <sup>(2)</sup>	5,94,150	4,44,150	4,74,881 <sup>(4)</sup>	4,11,369 <sup>(4)</sup>
		Contract Manufacture/ Purchase	-	-	2,10,882	1,82,059
b) Synthetic Resins and Polymers (Mainly for captive consumption)	MT	In-house <sup>(3)</sup>	1,88,880	1,38,880	1,23,992 <sup>(5)</sup>	91,948 <sup>(5)</sup>
c) Phthalic Anhydride	MT	Ankleshwar	29,796	29,796	21,241 <sup>(6)</sup>	23,721 <sup>(6)</sup>
d) Maleic Acid	MT	Ankleshwar	4,860	4,860	3,483	4,267
e) Pentaerythritol	MT	Cuddalore	5,400	5,400	5,400 <sup>(7)</sup>	4,700 <sup>(7)</sup>
f) Sodium Formate	MT	Cuddalore	3,300	3,300	3,226	2,406
g) Formaldehyde (100%) <sup>(8)</sup>	MT	Cuddalore Purchase	8,100	8,100	5,951	4,944
						1,023

1. Installed capacities are as certified by the management on which auditors have relied.
2. Paint manufacturing plants at Mumbai, Ankleshwar, Patancheru, Kasna, Sriperumbudur, Rohtak and Taloja.
3. Resin and Polymer manufacturing plants at Mumbai, Ankleshwar, Patancheru, Kasna, Sriperumbudur and Rohtak.
4. Includes 6,991 MT (Previous year 6,662 MT) of products processed for third party.
5. Includes 3,127 MT (Previous year 2,823 MT) of resins processed for third party.
6. Includes 14,480 MT (Previous year 13,225 MT) Phthalic Anhydride transferred to paint plants for captive consumption.
7. Includes 2,891 MT (Previous year 2,424 MT) Pentaerythritol transferred to paint plants for captive consumption.
8. Mainly for internal consumption in the manufacture of Pentaerythritol.

#### **7(a). Raw materials consumed:**

	Unit	2010-2011		2009-2010	
		Qty. (₹ in Crores)	Value (₹ in Crores)	Qty. (₹ in Crores)	Value (₹ in Crores)
a) Pigments, Extenders, Minerals etc.	MT	3,17,715	1,098.57	2,73,222	870.67
b) Additives	MT	51,256	491.26	42,280	399.59
c) Solvents	MT } KL }	11,034 78,792	390.15 9,340 } 72,578 } 298.12	37,332	182.63
d) Resins	MT	26,963	181.59	33,232	187.08
e) Oils	MT	35,982	244.86	27,899	132.74
f) Ortho Xylene	MT	26,555	143.77	5,712	7.58
g) Methanol	MT	6,780	11.20	2,002	8.04
h) Acetaldehyde	MT	2,002	8.11	35,074	22,508
i) Monomers	MT	35,074	384.99	1,778	172.08
j) Others	MT	24,217	127.42	21,522	103.40
<b>Total</b>			<b>3,081.92</b>		<b>2,361.93</b>

**7(b). Stock and Turnover:**

(₹ in Crores)

	Unit	Opening Stock		Closing Stock		Turnover*	
		Qty.	Value	Qty.	Value	Qty.	Value
Paints, enamels and varnishes	MT/KL	55,593	399.95	65,976	536.38	667,928	7,059.15
		(41,475)	(278.73)	(55,593)	(399.95)	(571,975)	(5,603.23)

\* Includes sale of materials processed outside and resale of finished paints.

Notes:

- (i) Pursuant to Notification no. S.O. 301 (E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs, disclosure of stock and turnover is provided for items which are greater than 10% of the total value of turnover
- (ii) Figures in brackets are for the previous year.

**8. CIF value of direct imports:**

(₹ in Crores)

		2010-2011	2009-2010
a) Raw materials		741.85	475.30
b) Stores and spares		5.61	0.38
c) Capital goods		6.83	107.61
d) Others		0.38	0.42

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

		2010-2011		2009-2010	
		(₹ in Crores)	% to Total	(₹ in Crores)	% to Total
a) Raw materials :					
Direct imports		735.36	23.86	489.87	20.74
Others (including value of consumption of imported raw materials purchased through indigenous sources)		2,346.56	76.14	1,872.06	79.26
<b>Total</b>		<b>3,081.92</b>	<b>100.00</b>	<b>2,361.93</b>	<b>100.00</b>
b) Stores and spares :					
Direct imports		4.10	16.40	0.39	2.04
Others		20.89	83.60	18.72	97.96
<b>Total</b>		<b>24.99</b>	<b>100.00</b>	<b>19.11</b>	<b>100.00</b>

**10. Net dividend remitted in foreign currency :**

	2010-2011			2009-2010		
	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (₹ in Crores)	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (₹ in Crores)
Final Dividend 2008-2009	-	-	-	16	28,992	0.03
Interim Dividend 2009-2010	-	-	-	16	28,992	0.02
Final Dividend 2009-2010	17	30,374	0.06	-	-	-
Interim Dividend 2010-2011	17	30,374	0.03	-	-	-

**11. Expenditure in foreign currency :**

	(₹ in Crores)	
	2010-2011	2009-2010
a) Annual maintenance for software	0.92	1.02
b) Professional fees	1.26	1.14
c) Shade cards and other sales promotional items	4.11	11.99
d) Travelling and Training expenses	14.13	9.15
e) Royalty	5.51	2.98
f) Others	3.05	1.26
<b>Total</b>	<b>28.98</b>	27.54

**12. Earnings in foreign currency:**

	(₹ in Crores)	
	2010-2011	2009-2010
a) Export of own products at FOB value	23.81	14.81
b) Export of traded goods at FOB value	0.75	0.56
c) Royalty	12.63	14.92
d) Other receipts including recoveries from subsidiaries	6.76	4.17
<b>Total</b>	<b>43.95</b>	34.46

**13. Sundry debtors include ₹ 3.39 crores (Previous year ₹ 1.84 crores) due from subsidiary companies.**

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

a) Revenue Expenditure	(₹ in Crores)	
	2010-2011	2009-2010
Employee Cost	18.15	16.26
Depreciation/Amortisation	5.17	5.16
Traveling Expenditure	0.92	0.50
Testing and Laboratory Expenditure	0.64	0.42
Power and fuel	1.71	1.57
Stores and Spares	0.57	0.39
Repairs and Maintenance	0.65	0.73
Materials Consumed	0.42	0.33
Others	4.02	3.07
Foreign Exchange (gain)	(0.02)	-
<b>Total</b>	<b>32.23</b>	28.43

b) Capital Expenditure	(₹ in Crores)	
	2010-2011	2009-2010
For Turbhe Research and Development facility	2.41	1.21
For purchase of Land at Cochin for Research and Development facility	1.26	-
<b>Total</b>	<b>3.67</b>	1.21

15. Interest Expense:	(₹ in Crores)	
	2010-2011	2009-2010
On Bank borrowings	0.54	0.20
On Bill discounting	11.69	9.64
Other Interest *	3.12	3.92
<b>Total</b>	<b>15.35</b>	13.76

\* Other interest includes interest paid ₹ 3.00 crores on account of completion/ disposal of various assessments/ appeals during the year (Previous year ₹ 2.89 crores).

16. Interest income includes interest received of ₹ 5.05 crores on account of completion/disposal of various assessments/ appeals during the year (Previous year – ₹ 3.47 Crores).
17. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2010-11, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act.

	(₹ in Crores)	
	31.03.2011	31.03.2010
(i) Principal amount remaining unpaid	3.81	1.72
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

18. Profit on sale of fixed assets includes ₹ 1.34 crores (Previous year ₹ 6.06 crores) arising out of the sale of colour world machines on expiry of lease period.

**19. Exceptional item of previous year includes :**

- a) ₹ 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) ₹ 19.69 crores being the reversal of provision made towards diminution in the value of investments.
20. 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 31<sup>st</sup> March, 2011 are as under:

Currency	Payable (In millions)		Receivable (In millions)		Payable (₹ in Crores)		Receivable (₹ in Crores)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
USD	24.14	15.71	5.60	4.11	107.64	70.57	24.96	18.47
EUR	1.07	2.00	0.01	-	6.76	12.14	0.05	-
SGD	0.03	0.24	0.28	0.97	0.10	0.79	0.98	3.13
GBP	0.28	0.30	-	-	1.99	2.07	-	-
SEK	1.67	3.08	-	-	1.19	1.91	-	-
Others	-	-	-	-	0.35	0.92	0.26	-
<b>Total</b>					<b>118.03</b>	88.40	<b>26.25</b>	21.60

The forward exchange contracts outstanding as at 31<sup>st</sup> March, 2011 are as under :

Currency	FY 2010-11			FY 2009-10			
	Number of Contracts	Buy Amount (USD in mn.)	Indian rupees equivalent (₹ in crores)	Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian rupees equivalent (₹ in crores)
USD	16	2.32	10.39	USD	-	-	-

- 21.** 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 31<sup>st</sup> March, 2011 is as follows :

	(₹ in Crores)			
	Provision for Excise *		Provision for Sales tax *	
	2010-2011	2009-2010	2010-2011	2009-2010
Opening Balance	1.36	1.11	8.11	0.31
Additions	0.04	0.25	0.50	7.80
Utilizations	(0.25)	-	-	-
Reversals	-	-	-	-
<b>Closing Balance</b>	<b>1.15</b>	1.36	<b>8.61</b>	8.11

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

- 22.** The Company 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 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 31<sup>st</sup> March, 2011 are as follows:

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
<b>Deferred tax liabilities</b>		
Difference between the Written Down Value/Capital work in progress of fixed assets as per the books of account and Income Tax Act, 1961.	(95.95)	(70.47)
Expenses allowed for tax purpose on payment basis (Amount paid under protest)	(6.95)	-
<b>Total deferred tax liabilities</b>	<b>(102.90)</b>	(70.47)
<b>Deferred tax assets</b>		
Expenses allowed for tax purpose on payment basis	19.64	17.67
Provision for doubtful debts	6.25	3.07
Voluntary Retirement scheme (VRS) expenditure debited to Profit and Loss Account but allowed in Income Tax over five years	0.17	0.46
Capital Losses carried forward under the Income Tax Act, 1961.	1.34	1.37
<b>Total deferred tax assets</b>	<b>27.40</b>	22.57
<b>Net deferred tax (liability)</b>	<b>(75.50)</b>	(47.90)
Net Deferred tax liability/(asset) of previous year	1.19	(2.72)
Deferred tax liability acquired on account of TIML merger	-	0.26
<b>Deferred tax (expense) for the year</b>	<b>(26.41)</b>	(2.45)

- 23. 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 31<sup>st</sup> March, 2011 as per the lease agreements:

(₹ In Crores)

	As at 31.03.2011	As at 31.03.2010
i) Not later than one year	0.09	0.14
ii) Later than one year and not later than five years	0.20	0.29
iii) Later than five years	-	-
<b>Total</b>	<b>0.29</b>	0.43

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 (Previous year - 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 31<sup>st</sup> March, 2011 as per the lease agreements :

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
i) Not later than one year	4.53	4.04
ii) Later than one year and not later than five years	7.20	5.41
iii) Later than five years	-	-
<b>Total</b>	<b>11.73</b>	9.45

- c) Lease payments recognised in the profit and loss account for the period are ₹ 4.78 crores (Previous year ₹ 4.52 crores).

- 24.** 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 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 31<sup>st</sup> March, 2011 are as follows :

(₹ in Crores)

	2010-2011	2009-2010
i) Assets	192.03	160.10
ii) Liabilities	86.96	71.85
iii) Income	295.68	231.65
iv) Expenses	278.87	216.65

- c) The Company's share of capital commitments of the JV as at 31<sup>st</sup> March, 2011 is ₹ 1.22 crores (Previous year ₹ 0.98 crores).
- d) The Company's share of contingent liabilities of the JV as at 31<sup>st</sup> March, 2011 is ₹ 6.71 crores (Previous year ₹ 6.02 crores).
- e) No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2011 in relation to the Company's interests in the JV along with the other venturer (Previous year ₹ Nil).

## 25. Employee Benefits:

### (1) Short term employee benefits:

The liability towards short-term employee benefits for the year ended 31<sup>st</sup> March, 2011 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:

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
<b>Amount recognised in Balance Sheet</b>						
Present value of funded obligations	77.32	68.50	-	-	-	-
Fair value of plan assets	(69.22)	(57.59)	-	-	-	-
Present value of unfunded obligations	-	-	3.18	3.16	1.27	1.10
<b>Net liability</b>	<b>8.10</b>	<b>10.91</b>	<b>3.18</b>	<b>3.16</b>	<b>1.27</b>	<b>1.10</b>
Amounts in Balance Sheet						
Liability	8.10	10.91	3.18	3.16	1.27	1.10
Assets	-	-	-	-	-	-
<b>Net Liability</b>	<b>8.10</b>	<b>10.91</b>	<b>3.18</b>	<b>3.16</b>	<b>1.27</b>	<b>1.10</b>
<b>Expense Recognised in the Statement of Profit and Loss</b>						
Opening defined benefit obligation less benefits paid	-	-	-	-	-	-
Current service cost	5.42	4.31	0.06	0.05	0.04	0.04
Interest on defined benefit obligation	5.93	4.83	0.25	0.26	0.09	0.09
Expected return on plan assets	(4.43)	(3.66)	-	-	-	-
Net actuarial losses/(gains) recognised in year	3.17	(0.53)	0.13	(0.11)	0.09	(0.12)
Past service cost	-	5.96	-	-	-	-
<b>Total, included in "Employee Benefit Expense"</b>	<b>10.09</b>	<b>10.91</b>	<b>0.44</b>	<b>0.20</b>	<b>0.22</b>	<b>0.01</b>
Actual return on plan assets	4.28	4.25	-	-	-	-
<b>Reconciliation of benefit obligations and plan assets for the Period</b>						
<b>Change in defined benefit obligation</b>						
Opening defined benefit obligation	68.50	60.65	3.16	3.37	1.10	1.12
Current service cost	5.42	4.31	0.06	0.05	0.04	0.04
Interest cost	5.93	4.83	0.25	0.26	0.09	0.09
Actuarial losses/(gain)	3.02	0.06	0.13	(0.11)	0.09	(0.12)
Past Service Cost	-	5.96	-	-	-	-
Benefits paid	(5.55)	(7.31)	(0.42)	(0.41)	(0.05)	(0.03)
<b>Closing defined benefit obligation</b>	<b>77.32</b>	<b>68.50</b>	<b>3.18</b>	<b>3.16</b>	<b>1.27</b>	<b>1.10</b>
<b>Change in fair value of assets</b>						
Opening fair value of plan assets	57.59	52.96	-	-	-	-
Expected return on plan assets	4.43	3.67	-	-	-	-
Actuarial gain/(losses)	(0.15)	0.59	-	-	-	-
Contributions by employer	12.90	7.68	0.42	0.41	0.05	0.03
Benefits paid	(5.55)	(7.31)	(0.42)	(0.41)	(0.05)	(0.03)
<b>Closing fair value of plan assets</b>	<b>69.22</b>	<b>57.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
<b>Assets information</b>						
<b>Category of assets</b>						
Government of India securities	50%	49%	-	-	-	-
Corporate bonds	27%	36%	-	-	-	-
Special deposit scheme	10%	12%	-	-	-	-
Equity shares of Listed Companies	0%	0%	-	-	-	-
Property	0%	0%	-	-	-	-
Insurer Managed Funds	0%	0%	-	-	-	-
Others	13%	3%	-	-	-	-
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Summary of the actuarial assumptions</b>						
Discount rate	8.35%	8.30%	8.35%	8.30%	8.35%	8.30%
Expected rate of return on assets	7.50%	7.50%	-	-	-	-

#### Experience Adjustments for the current and previous four periods

(₹ in Crores)

	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<b>Gratuity (Funded)</b>					
Defined Benefit Obligation	77.32	68.50	60.64	51.73	44.20
Plan Assets	69.22	57.59	52.96	50.04	49.99
Surplus/(Deficit)	(8.10)	(10.91)	(7.68)	(1.69)	5.79
Experience adjustment on plan liabilities	0.02	(4.73)	2.67	3.96	4.36
Experience adjustment on plan assets	(0.14)	0.59	2.49	0.46	(0.67)
<b>Pension (Unfunded)</b>					
Defined Benefit Obligation	3.18	3.16	3.37	2.41	2.74
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(3.18)	(3.16)	(3.37)	(2.41)	(2.74)
Experience adjustment on plan liabilities	0.14	(0.05)	0.80	(0.34)	(0.19)
Experience adjustment on plan assets	-	-	-	-	-
<b>Post Retirement Medical Benefit (Unfunded)</b>					
Defined Benefit Obligation	1.27	1.10	1.12	0.91	0.96
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(1.27)	(1.10)	(1.12)	(0.91)	(0.96)
Experience adjustment on plan liabilities	0.09	(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 balance amount to be contributed to the Gratuity fund for the financial year 2011- 2012 will be ₹ 8.10 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.

#### (3) Long term employee benefits :

The liability towards compensated absences (annual leave and sick leave) for the year ended 31<sup>st</sup> March, 2011 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 6.84 crore. (Previous year reduction in liability – ₹ 2.00 crores)

## 26. Earnings Per Share :

		2010-2011	2009-2010
a)	Basic and diluted earnings per share before exceptional item in ₹ (face value – ₹ 10/- per share)	80.81	78.09
b)	Basic and diluted earnings per share after exceptional item in ₹ (face value – ₹ 10/- per share)	80.81	80.74
c)	Profit after tax and prior period items but before exceptional item as per Profit and Loss Account (₹ in crores)	775.15	749.04
d)	Profit after tax and prior period items and exceptional item as per Profit and Loss Account (₹ in crores)	775.15	774.50
e)	Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

## 27. Information on related party transactions as required by Accounting Standard - 18 on Related Party Disclosures for the year ended 31<sup>st</sup> March, 2011.

(₹ in Crores)

Particulars	Joint Venture		Subsidiaries		Key Management Personnel <sup>(1)</sup>		Promoters & their relatives having control <sup>(1)</sup>		Companies Controlled by Directors/Relatives		Employee benefit plans where control exists		Others	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Sale of goods and other miscellaneous items	12.28	9.84	13.39	9.16					2.48	4.16				
Processing of goods (Income)	14.03	10.26												
Royalty Received	2.23	2.00	13.51	15.41										
Other recoveries	12.60	9.78	1.49	1.47										
Buy Back of Shares			-	19.36										
Profit on buy back of shares			-	0.31										
Interest received on Loan given			-	0.07										
Sitting Fees Received (from subsidiaries for nominee directors)			0.88	0.25										
Other services - receipts			2.68	2.01										
Reimbursement of Expenses - received	1.50	2.29	2.03	2.06										
Dividend received			1.02	1.02										
Purchase of goods	0.98	0.27	0.01	0.01					181.33	142.22				
Processing of goods (Expense)									0.52	0.68				
Remuneration					3.73	3.43	3.29 <sup>(2)</sup>	2.66						
Retiral benefits							0.22	0.47						
Commission to Non-executive Directors							0.83	0.90						
Sitting Fees Paid to Non-executive Directors							0.06	0.07						
Reimbursement of Expenses - paid	0.09		0.54	0.41										
Donation													1.00	1.00
Contributions during the year											38.24	31.18		
Equity contribution			0.09	0.01										
Loan given			0.19	-										
Repayment of loan given			-	3.45										
Sale of assets		0.04	-	-										
Bad Debts written off			0.04	0.67										
<b>Outstanding as at 31<sup>st</sup> March</b>														
Loans:			14.16	13.97										
Amount receivables	6.08	5.62	15.42	15.68							0.21			
Amount payable	0.63	-	0.40	0.20	1.50	1.50	0.83	0.90	1.42	1.58	10.13	12.70		

- 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.
- 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 Government, under Section 314 of the Companies Act, 1956.

Corporate guarantee issued by the Company on behalf of its subsidiaries amounting to ₹ 130.60 crores as at 31<sup>st</sup> March, 2011. (Previous year ₹ 128.79 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 ₹ 63.11 crores as on 31<sup>st</sup> March, 2011 (₹ 77.18 crores as on 31<sup>st</sup> March, 2010).

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 15<sup>th</sup> May, 2012.

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

	(₹ in Crores)	
	2010-11	2009-10
<b>Sale of goods</b>		
Asian PPG Industries Ltd.	12.28	9.84
Resins & Plastics Limited	2.28	4.07
Asian Paints (Nepal) Pvt. Ltd.	5.54	4.05
Asian Paints (Bangladesh) Ltd.	3.06	1.82
Others	4.99	3.37
	<b>28.15</b>	23.15
<b>Purchase of Goods</b>		
Hitech Plast Ltd.	159.45	124.77
Others	22.87	17.73
	<b>182.32</b>	142.50
<b>Royalty Received</b>		
SCIB Chemicals S.A.E., Egypt	7.73	7.90
Berger International Limited	1.44	3.42
Asian PPG Industries Ltd.	2.23	2.00
Others	4.34	4.09
	<b>15.74</b>	17.41
<b>Contributions during the year</b>		
Asian Paints Office Provident Fund	13.59	12.61
Asian Paints Factory Employees Provident Fund	10.33	9.39
Asian Paints Management Cadres Superannuation Scheme	1.42	1.50
Asian Paints (India) Limited Employees' Gratuity Fund	12.90	7.68
	<b>38.24</b>	31.18

**(a) Joint Venture :**

Subsidiary of Joint Venture: Asian PPG Industries 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

AP Coatings Limited (Incorporated on 30<sup>th</sup> November, 2010)

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

Asian Paints (South Pacific) Limited

Samoa Paints Limited (Acquired during the year from Taubmans Paints (Fiji) 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

**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.

**Subsidiaries of Berger International Limited, Singapore :**

Berger Paints Singapore Pte. Ltd.

Berger Building Services (Singapore) Pte. Ltd.

Enterprise Paints Limited

Universal Paints Limited

Lewis Berger (Overseas Holdings) Ltd.

**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 & CEO
-------------	-------------------------

**(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
Ina Dani*	Non-Executive Director
Hasit Dani	Non-Executive Director (resigned on 3 <sup>rd</sup> June, 2010)

\* Mrs. Ina Dani has been appointed as an Additional Director w.e.f. 27<sup>th</sup> July, 2010.

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

Jalaj Dani
Manish Choksi
Jigish Choksi
Nehal Vakil (resigned on 30 <sup>th</sup> July, 2010)
Varun Vakil (w.e.f 16 <sup>th</sup> July, 2010)

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

AR Intertect Design Pvt. Ltd.	Himanshu Holdings Pvt. Ltd.	Rangudyan Insurance Broking Services Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Hiren Holdings Pvt. Ltd.	Resins and Plastics Ltd.
Castle Investment and Industries Pvt. Ltd.	Hitech Plast Ltd.	Ricinash Oil Mill Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Haish Holding & Trading Co. Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Clear Mipak Packaging Solutions Ltd.	ISIS Holding & Trading Co. Pvt. Ltd.	S.C. Dani Research Foundation Pvt. Ltd.
Coatings Specialties (India) Ltd.	Jalaj Trading and Investments Co. Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Jaldhar Investments and Trading Co. Pvt. Ltd.	Sapan Investments Pvt. Ltd.
Dani Finlease Ltd.	Kalica Paper Industries Pvt. Ltd.	Satyadharma Investments & Trading Co. Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Lambodar Investments & Trading Co. Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Elcid Investments Ltd.	Lyon Investment and Industries Pvt. Ltd.	Suprasad Investments & Trading Co. Pvt. Ltd.
ELF Trading and Chemical Mfg. Ltd.	Murahar Investments and Trading Co. Ltd.	Suptaswar Investments and Trading Co. Ltd.
Express Engg & Construction Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Suryakant Paint Accessories Private Ltd.
Express Restaurant Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Tru Trading and Investments Pvt. Ltd.
Express Transport Pvt. Ltd.	Omega Properties Pvt. Ltd.	Unnati Trading and Investments Pvt. Ltd.
Geetanjali Trading & Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Vijal Holding & Trading Co. Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Marketing Pvt. Ltd.	Vikatmev Containers 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
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**28. Segment information for the year ended 31<sup>st</sup> March, 2011:**

(₹ in Crores)

	2010-2011			2009-2010		
	Paints	Others*	Total	Paints	Others*	Total
<b>REVENUE</b>						
<b>Net sales</b>						
External sales (Net)	6,242.37	79.87	6,322.24	5,035.78	89.30	5,125.08
Inter – Segment sales	-	110.02	110.02	-	90.41	90.41
Other Income	42.78	1.57	44.35	41.59	1.04	42.63
<b>Total Revenue</b>	<b>6,285.15</b>	<b>191.46</b>	<b>6476.61</b>	<b>5,077.37</b>	<b>180.75</b>	<b>5,258.12</b>
<b>Result</b>						
Segment result	1144.75	18.92	1,163.67	1,029.65	23.04	1,052.69
Unallocated expenses			(69.32)			(60.94)
Operating Profit			1,094.35			991.75
Interest expenses			(15.35)			(13.76)
Interest income			5.90			3.88
Dividends			35.05			23.42
Exchange difference			0.21			5.42
Profit/(Loss) on sale of long-term Investments			-			63.02
Profit/(Loss) on sale of short-term Investments			0.45			-
Profit on sale of assets			0.55			0.81
Miscellaneous income			1.67			4.67
Sundry balance written back			-			-
Exceptional items			-			25.46
Income taxes			(347.68)			(330.17)
<b>Net Profit before prior period items</b>			<b>775.15</b>			<b>774.50</b>
<b>OTHER INFORMATION</b>						
Segment assets	2,660.79	73.12	2,733.91	2,270.93	65.81	2,336.74
Unallocated assets			1,127.75			797.41
<b>Total Assets</b>			<b>3,861.66</b>			<b>3,134.15</b>
Segment liabilities	1,407.48	26.12	1,433.60	1,162.31	21.26	1,183.57
Unallocated liabilities			452.74			393.36
<b>Total Liabilities</b>			<b>1,886.34</b>			<b>1,576.93</b>
Capital expenditure	422.63	4.90	427.53	113.76	8.79	122.55
Unallocated capital expenditure			17.75			13.86
<b>Total</b>			<b>445.28</b>			<b>136.41</b>
Depreciation/impairment	90.53	2.96	93.49	57.38	2.68	60.06
Unallocated depreciation/impairment			0.99			0.68
<b>Total</b>			<b>94.48</b>			<b>60.74</b>

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

29. 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

**P.M. Murty**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**H. N. Shah**Partner  
Membership No.: 08152**Natrajh Ramakrishna**Partner  
Membership No.: 32815**Dipankar Basu**

Director

**Jayesh Merchant**Chief Financial Officer &  
Company SecretaryMumbai  
10<sup>th</sup> May, 2011

## 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.

State Code



Balance Sheet Date



Date



Month



Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT - ₹ IN THOUSANDS)

Public Issue



Cancellation of Shares



Rights Issue



Bonus Issue



Private Placement



### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT - ₹ IN THOUSANDS)

Total Liabilities



Total Assets



#### SOURCES OF FUNDS

Paid-up Capital



Reserves and Surplus



Secured Loans



Unsecured Loans



Deferred Tax Liability



#### APPLICATION OF FUNDS

Net Fixed Assets



Investments



Net Current Assets



Deferred Revenue Expenditure



Accumulated Losses



### IV. PERFORMANCE OF COMPANY (AMOUNT - ₹ IN THOUSANDS)

Turnover



Total Expenditure



+ - Profit/(Loss) Before Tax



+ - Profit/(Loss) After Tax



(Please tick appropriate box + for profit, - for loss)

Earnings Per Share (₹)



Dividend Rate %



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

Item Code No. (ITC Code)



Product Description







Product Description



Product Description

**CONSOLIDATED  
FINANCIAL STATEMENTS**

## Ten Year Review (Consolidated)

(₹ in Crores except per share data and ratios)

	2010-2011	^2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<b>RESULTS FOR THE FINANCIAL YEAR</b>										
<b>Revenue Account</b>										
Gross Sales	8,610.8	7,314.5	6,229.8	5,075.9	4,259.9	3,510.0	2,951.5	2,572.9	2,042.7	1,720.1
Net Sales and Operating Income	7,706.2	6,680.9	5,463.9	4,407.2	3,670.0	3,021.0	2,573.9	2,217.9	1,730.3	1,465.8
Growth Rates (%)	15.3	22.3	24.0	20.1	21.5	17.4	16.0	28.2	18.1	-
Materials Cost	4,474.6	3,758.0	3,370.6	2,577.6	2,199.4	1,792.1	1,502.6	1,246.3	937.0	793.6
% to Net Sales	58.1	56.2	61.7	58.5	59.9	59.3	58.4	56.2	54.1	54.1
Overheads	1,918.7	1,695.6	1,425.5	1,170.6	989.9	838.3	736.6	674.2	508.6	446.7
% to Net sales	24.9	25.4	26.1	26.6	27.0	27.7	28.6	30.4	29.4	30.5
Operating Profit	1,395.6	1,367.9	718.8	718.6	518.0	422.7	367.0	323.7	293.7	239.4
Interest Charges	22.2	28.5	26.3	21.2	18.9	11.4	10.8	15.2	13.7	20.1
Depreciation	113.1	83.6	74.4	59.2	61.1	60.6	61.4	62.8	52.1	44.2
Profit Before Tax and Exceptional items	1,260.2	1,255.9	618.1	638.3	437.9	350.6	294.8	245.7	227.9	175.1
% to Net Sales	16.4	18.8	11.3	14.5	11.9	11.6	11.5	11.1	13.2	11.9
Growth Rates (%)	0.3	103.2	(3.2)	45.8	24.9	18.9	20.0	7.8	31.0	-
Exceptional items	-	1.15	(1.24)	(6.84)	(7.76)	(7.60)	(7.71)	(7.83)	(1.82)	-
Profit Before Tax and after Exceptional items	1,260.2	1,257.0	616.9	631.4	430.2	343.0	287.1	237.9	226.1	175.1
% to Net Sales	16.4	18.8	11.3	14.3	11.7	11.4	11.2	10.7	13.1	11.9
Profit After Tax (after Minority interest)	843.2	835.6	397.8	409.2	281.0	212.1	174.1	144.9	139.1	105.7
Return on average capital employed (ROCE) (%)	57.0	72.1	45.0	54.8	44.5	40.6	38.3	35.0	35.9	-
Return on average net worth (RONW) (%)	43.3	57.4	36.4	46.5	39.5	35.0	31.7	28.8	31.5	-
<b>Capital Account</b>										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	63.9
Reserves and Surplus	2,091.5	1,614.1	1,107.3	886.5	681.9	550.3	471.3	433.6	413.6	342.9
Deferred Tax Liability (Net)	85.2	56.2	53.3	39.1	26.8	34.1	35.3	53.3	64.9	61.1
Loan Funds	234.7	229.2	308.6	275.2	306.2	261.3	239.5	169.3	196.9	142.3
Fixed Assets	1,316.0	1,280.1	905.1	691.7	493.2	451.9	437.0	474.0	516.4	433.2
Investments	922.0	624.1	78.4	276.7	192.7	164.1	113.8	101.8	11.1	27.2
Net Current Assets	342.1	149.0	606.6	341.3	438.1	340.8	305.1	187.9	221.7	147.2
Debt-Equity Ratio	0.11:1	0.13:1	0.26:1	0.28:1	0.39:1	0.4:1	0.42:1	0.32:1	0.41:1	0.35:1
<b>Per Share Data</b>										
Earnings Per Share (EPS) (₹)	87.9	*87.1	*41.5	*42.7	*29.3	*22.1	*18.1	*#15.1	*#21.7	#16.5
Book Value (₹)	228.0	178.3	125.4	102.4	81.1	67.4	59.1	**55.2	74.7	63.6

\* 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 Pentasia Investments Limited.

\*\* On increased Capital.

^ This period includes 15 months (1<sup>st</sup> January, 2009 to 31<sup>st</sup> March, 2010) of overseas subsidiaries.

## 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 31<sup>st</sup> March, 2011, 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, AP Coatings Limited and Maxbhumi Developers Limited for the year ended 31<sup>st</sup> March, 2011 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 report/report 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 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 Consolidated Balance Sheet, of the consolidated state of affairs of the Asian Paints group as at 31<sup>st</sup> March, 2011;
- (ii) in the case of 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 No.: 109430W

### H. N. Shah

Partner

Membership No.: 08152

Mumbai

10<sup>th</sup> May, 2011

### For B S R & Associates

Chartered Accountants

Firm Registration No.: 116231W

### Natrajh Ramakrishna

Partner

Membership No.: 32815

## Annexure to the Auditors' Report - 31<sup>st</sup> March, 2011

(Referred to in our report of even date)

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

(₹ in Crores)

Name of the Company	Accounting Period	Subsidiary	Total Assets	Total Revenues	Name of Auditor
Asian Paints (Nepal) Pvt. Limited	14 <sup>th</sup> March 10 - 14 <sup>th</sup> March 11	Direct	35.93	64.52	T. R. Upadhyay & Co.
Asian Paints (International) Limited	April 10 - March 11	Direct	132.50	-	Deloitte & Touche
Asian Paints Industrial Coatings Limited	April 10 - March 11	Direct	59.36	73.06	Shah & Co.
Multifacet Infrastructure (India) Limited	April 10 - March 11	Direct	0.04	-	Shah & Co.
AP Coatings Limited*	30 <sup>th</sup> November 10 - 31 <sup>st</sup> March 11	Direct	0.05	-	Shah & Co.
Maxbhumi Developers Limited	April 10 - March 11	Indirect	14.05	-	Shah & Co.
Asian Paints (South Pacific) Limited	April 10 - March 11	Indirect	43.28	57.38	ERNST & YOUNG
Asian Paints (Tonga) Limited	April 10 - March 11	Indirect	2.08	3.28	ERNST & YOUNG
Asian Paints (S.I.) Limited	April 10 - March 11	Indirect	5.54	10.63	ERNST & YOUNG
Asian Paints (Vanuatu) Limited	April 10 - March 11	Indirect	5.97	6.44	ERNST & YOUNG
Asian Paints (Lanka) Limited	April 10 - March 11	Indirect	36.06	49.71	KPMG Ford, Rhodes
Asian Paints (Bangladesh) Limited	April 10 - March 11	Indirect	34.18	90.27	Rahman Rahman Huq
Asian Paints (Middle East) LLC	April 10 - March 11	Indirect	34.15	50.60	BDO JAWAB HABIB
SCIB Chemicals S.A.E.	April 10 - March 11	Indirect	173.86	296.21	Deloitte, Saleh, Barsoum and Abdel-Aziz
Berger International Limited, Singapore	April 10 - March 11	Indirect	226.45	403.89	Deloitte & Touche LLP
Samoa Paints Limited **	April 10 - March 11	Indirect	3.55	4.17	Lesa ma Penn

\* Incorporated on 30<sup>th</sup> November, 2010.

\*\* Samoa Paints Ltd. was earlier an indirect subsidiary of Asian Paints (International) Ltd. On 22<sup>nd</sup> November, 2010, Asian Paints (International) Ltd. acquired 80% stake in Samoa Paints Ltd. from Taubmans Paints (Fiji) Ltd., a subsidiary of Asian Paints (International) Ltd.

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

Taubmans Paints (Fiji) Limited***	April 10 - March 11
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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) Subsidiaries of Berger International Limited, Singapore:

	Accounting period
Berger Paints Singapore Pte. Ltd.	April 10 - March 11
Berger Building Services (Singapore) Pte. Ltd.	April 10 - March 11
Enterprise Paints Limited	April 10 - March 11
Universal Paints Limited	April 10 - March 11
Lewis Berger (Overseas Holdings) Ltd.	April 10 - March 11

**iii) Subsidiary of Berger Building Services (Singapore) Pte. Ltd.**

Berger Contractor (Singapore) Pte. Ltd.	April 10 - March 11
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**iv) Subsidiary of Enterprise Paints Limited:**

Nirvana Investments Ltd.	April 10 - March 11
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**vi) Subsidiary of Nirvana Investments Ltd.**

Berger Paints Emirates Ltd.	April 10 - March 11
-----------------------------	---------------------

**vii) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:**

Berger Paints Jamaica Ltd.	April 10 - March 11
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Berger Paints Trinidad Ltd.	April 10 - March 11
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Berger Paints Barbados Ltd.	April 10 - March 11
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**viii) Subsidiary of Universal Paints Limited:**

Berger Paints Bahrain W.L.L.	April 10 - March 11
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**Joint Venture:**

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

(₹ in Crores)

Name of the Company	Accounting Period	Joint Venture	Proportionate share of Total Assets	Proportionate share of Total Revenues	Name of the Auditor
Asian PPG Industries Ltd.	April 10 - March 11	Direct	192.03	291.99	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 No.: 109430W

**H. N. Shah**

Partner

Membership No.: 08152

Mumbai

10<sup>th</sup> May, 2011**For B S R & Associates**

Chartered Accountants

Firm Registration No.: 116231W

**Natrajh Ramakrishna**

Partner

Membership No.: 32815

**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011**

(₹ in Crores)

	Schedules	As at 31.03.2011	As at 31.03.2010
<b>FUNDS EMPLOYED</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	95.92	95.92
Reserves and Surplus	B	2,091.50	1,614.06
		2,187.42	1,709.98
<b>Loan Funds</b>	C		
Secured Loans		49.97	63.70
Unsecured Loans		184.73	165.53
		234.70	229.23
		85.18	56.23
<b>Deferred Tax Liability (Net)</b>			
(Refer Note B - 7 in Schedule M)		109.89	94.45
<b>Minority Interest</b>			
<b>Total</b>		<b>2,617.19</b>	<b>2,089.89</b>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill on Consolidation</b>	D	37.19	36.73
<b>Fixed Assets</b>			
Gross Block		1,987.75	1,500.39
Less: Depreciation/Amortisation		715.07	627.57
Net Block		1,272.68	872.82
Add: Capital Work in Progress		43.32	407.23
		1,316.00	1,280.05
<b>Investments</b>	E	921.95	624.11
<b>Current Assets, Loans and Advances</b>	F		
Interest accrued on Investments		0.20	0.21
Inventories		1,305.43	955.88
Sundry Debtors		585.53	542.52
Cash and Bank Balances		133.04	105.83
Other Current Assets		89.31	64.63
Loans and Advances		205.44	174.62
		2,318.95	1,843.69
<b>Less : Current Liabilities and Provisions</b>	G		
Current Liabilities		1,640.37	1,379.65
Provisions		336.53	315.04
		1,976.90	1,694.69
<b>Net Current Assets</b>	M	342.05	149.00
<b>Total</b>		<b>2,617.19</b>	<b>2,089.89</b>
<b>Significant Accounting Policies and Notes to Consolidated Financial Statements</b>			

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

**P.M. Murty**

Managing Director & CEO

**Tarjani Vakil**

Chairperson of Audit Committee

**H. N. Shah**

Partner  
Membership No.: 08152

**Natrajh Ramakrishna**

Partner  
Membership No.: 32815

**Dipankar Basu**

Director

**Jayesh Merchant**

Chief Financial Officer & Company Secretary

Mumbai

10<sup>th</sup> May, 2011

## Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

	Schedules	(₹ in Crores)	
		Year 2010-2011	Year 2009-2010
<b>INCOME</b>			
Sales and Operating Income (Net of discounts)	H	8,361.47	7,106.56
Less: Excise duty		655.23	425.62
Sales and Operating Income (Net of discounts and excise duty)		7,706.24	6,680.94
Other Income	I	82.63	140.50
		<b>7,788.87</b>	6,821.44
<b>EXPENDITURE</b>			
Material Cost	J	4,474.56	3,757.96
Employee Cost	K	453.99	436.28
Manufacturing, Administrative, Selling and Distribution Expenses	L	1,464.72	1,259.30
		<b>6,393.27</b>	5,453.54
<b>PROFIT BEFORE INTEREST, DEPRECIATION, TAX AND EXCEPTIONAL ITEMS</b>		1,395.60	1,367.90
Less: Interest		22.23	28.47
Less: Depreciation/Amortisation	D	113.13	83.56
		1,260.24	1,255.87
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		-	1.15
Add: Exceptional Items		<b>1,260.24</b>	1,257.02
<b>PROFIT BEFORE TAX</b>			
Less: Provision for Taxation			
Current Tax		355.50	373.18
Deferred Tax (Refer Note B - 7 in Schedule M)		28.15	5.54
(Excess) Tax Provision for earlier years		(4.76)	(5.61)
		881.35	883.91
<b>PROFIT AFTER TAX</b>		38.11	48.27
Less: Minority Interest		<b>843.24</b>	835.64
<b>NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		600.00	230.00
Add: Balance brought forward from previous year		<b>1,443.24</b>	1,065.64
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS</b>			
Dividend to shareholders of parent company:			
Equity Shares - Interim dividend		81.53	81.53
- Proposed Final dividend		225.41	177.45
Tax on Dividend (includes tax on proposed dividend)		50.11	43.33
Transfer to General Reserve		486.19	163.33
Balance carried to Balance Sheet		600.00	600.00
		<b>1,443.24</b>	1,065.64
Earnings per share (₹) Basic and Diluted - Before exceptional items		87.91	87.00
Earnings per share (₹) Basic and Diluted - After exceptional items		87.91	87.12
(Face value of ₹ 10 each)			
(Refer Note B - 9 in Schedule M)			
<b>Significant Accounting Policies and Notes to Consolidated Financial Statements</b>	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

**P.M. Murty**

Managing Director & CEO

**Tarjani Vakil**

Chairperson of Audit Committee

**H. N. Shah**

Partner  
Membership No.: 08152

**Natrajh Ramakrishna**

Partner  
Membership No.: 32815

**Dipankar Basu**

Director

**Jayesh Merchant**

Chief Financial Officer & Company Secretary

Mumbai

10<sup>th</sup> May, 2011

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

	(₹ in Crores)	
	2010-11	2009-10
<b>A Cash Flow from Operating Activities:</b>		
<b>Profit before Tax:</b>	1,260.24	1,257.02
Adjustment for:		
Depreciation/Impairment	113.13	83.56
Profit on Sale of long term investments	-	(62.72)
Profit on Sale of short term investments	(0.45)	-
Profit on disposal of subsidiaries	-	(1.15)
Profit on Sale of Fixed Assets	(2.71)	(7.88)
Interest Expense	22.23	28.47
Interest Income	(10.48)	(11.06)
Dividend Income	(35.47)	(22.62)
Effect of exchange rates on translation of operating cash flows	(16.10)	(17.29)
<b>Operating Profit before Working Capital changes</b>	1,330.39	1,246.33
Adjustment for:		
Inventories	(349.55)	(191.35)
Trade and Other Receivables	(81.94)	(50.88)
Trade and Other Payables	254.79	376.00
<b>Cash generated from Operations</b>	1,153.70	1,380.10
Income tax paid (net of refund)	(392.42)	(316.94)
<b>Net Cash generated from Operating Activities</b>	<b>761.28</b>	1,063.16
<b>B. Cash Flows from Investing Activities:</b>		
Purchase of Fixed Assets	(156.10)	(395.31)
Sale of Fixed Assets	5.79	12.06
Purchase of investment	(310.99)	(54.36)
Sale of long term investment	-	98.66
Profit on sale of short term investment	0.45	-
Interest received	10.49	11.40
Dividend received	35.47	22.62
Cash inflow arising on disposal of subsidiaries	-	5.91
<b>Net cash used in Investing Activities</b>	<b>(414.89)</b>	(299.02)
<b>C. Cash Flows from Financing Activities</b>		
Repayment of Long Term Loans	(6.38)	(14.55)
Short Term Loans Taken	11.93	(52.97)
Interest paid	(22.23)	(28.47)
Dividend Paid (including dividend paid to Minority)	(316.83)	(235.89)
<b>Net cash used in Financing Activities</b>	<b>(333.51)</b>	(331.88)
<b>D. Net Increase in Cash and Cash equivalents</b>	<b>12.87</b>	432.26
<b>Cash and Cash equivalents as at 1<sup>st</sup> April, 2010*</b>	<b>637.47</b>	210.37
<b>Net effect of changes in exchange rate on cash and cash equivalents</b>	1.19	(5.16)
<b>Cash and Cash equivalents as at 31<sup>st</sup> March, 2011*</b>	<b>651.53</b>	637.47

\* 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

**P.M. Murty**

Managing Director  
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**Natrajh Ramakrishna**

Partner  
Membership No.: 32815

**Dipankar Basu**

Director

**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

Mumbai

10<sup>th</sup> May, 2011

## Schedules Forming Part of the Consolidated Balance Sheet

	(₹ in Crores)	
	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>Authorised</b>		
9,95,00,000 (Previous year 9,95,00,000) Equity Shares of ₹ 10/- each	99.50	99.50
50,000 (Previous year 50,000) 11% Redeemable Cumulative Preference shares of ₹ 100/- each	0.50	0.50
	<b>100.00</b>	100.00
<b>Issued, Subscribed and Paid up capital</b>		
9,59,19,779 (Previous year 9,59,19,779) Equity Shares of ₹ 10/- each fully paid up:		
a) 9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of ₹ 10/- each fully paid up issued on capitalisation of Share premium account (₹ 2.19 crores) and General Reserves (₹ 91.80 crores).		
b) 2,94,000 (Previous year 2,94,000) shares of ₹ 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	95.92
	<b>95.92</b>	95.92
<b>SCHEDULE B : RESERVES AND SURPLUS</b>		
<b>Capital Reserve on consolidation</b>	3.25	3.25
<b>Capital Reserve [₹ 5,000/- (Previous year ₹ 5,000/-)]</b>	-	-
<b>Capital Redemption Reserve</b>	5.37	5.37
<b>General Reserve</b>		
As per last Balance Sheet	1,020.72	868.33
Add: Transfer from Profit and Loss Account	486.19	163.33
Add: Adjustment on stake change in subsidiary	0.15	-
Less: Goodwill of Technical Instruments Manufacturers Ltd. adjusted on account of amalgamation	-	10.94
	1,507.06	1,020.72
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(15.28)	0.30
Add: Currency translation (Loss)/Gain during the year	(8.90)	(15.09)
Less: Gain realised on disposal of subsidiaries	-	0.49
	(24.18)	(15.28)
<b>Profit and Loss Account</b>	600.00	600.00
	<b>2,091.50</b>	1,614.06

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE C : SECURED AND UNSECURED LOANS</b>		
<b>Secured Loans</b>		
<b>Long Term:</b>		
Financial institutions (Refer note no. 1 below) (Previous year refer note no. 1 & 2 below)	21.06	25.89
Finance Lease liability (Refer note no. 3 below)	0.39	0.37
<b>Short Term:</b>		
Financial institutions (Refer note no. 2 below) (Previous year refer note no. 1 & 2 below)	0.60	2.38
Cash Credit Accounts/Loans from banks (Refer note no. 3 below)	27.78	34.84
Finance Lease liability (Refer note no. 3 below)	0.14	0.22
	<b>49.97</b>	<b>63.70</b>
<b>Unsecured Loans</b>		
<b>Long Term:</b>		
Trade Deposits	0.82	2.39
Sales tax deferment scheme - State of Andhra Pradesh (Refer note no. 4 below)	40.70	40.70
<b>Short Term:</b>		
Loan from banks	143.21	122.44
	<b>184.73</b>	<b>165.53</b>
<b>Notes:</b>		
(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	21.06	25.26
(2) Loan availed from Polaris International Industrial Parks SAE secured by way of hypothecation of immovable property	0.60	3.01
(3) Secured by fixed/floating charge on the inventories, book debts, term deposits or fixed assets of the respective subsidiaries	28.31	35.43
(4) Interest free loan availed under the sales tax deferment Scheme of the Government of Andhra Pradesh by parent company	40.70	40.70
(5) The Parent Company is also eligible to avail the benefit of interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced by Rohtak plant for a period of seven full financial years beginning from April 2010. The Company is in process of making necessary application to Haryana Government for the disbursement of loan for the period ended 31 <sup>st</sup> March, 2011.		

## Schedules Forming Part of the Consolidated Balance Sheet

### SCHEDULE D : FIXED ASSETS

Particulars	Gross Block			Depreciation / Amortisation			Impairment			Net Block	
	As at 01.04.2010	Translation Difference	Additions during the year	Deductions and/or year adjustments	Disposals of Subsidiaries	As at 31.03.2011	As at 01.04.2010	Translation Difference	Additions during the year	Disposals of Subsidiaries	
<b>Tangible Assets</b>											
Freehold Land	121.06	(0.53)	1.55	-	122.08	-	-	-	-	-	121.06
Leasehold Land	98.45	0.03	-	0.22	98.26	2.19	-	1.10	-	-	96.26
Buildings	282.12	(1.61)	195.25	0.27	475.49	63.29	0.39	13.47	0.06	-	398.40
Leasehold Buildings	33.17	1.65	0.49	-	35.31	24.07	1.43	0.87	-	-	218.83
Plant and Machinery	729.81	2.91	290.85	13.04	1,010.53	398.08	1.60	76.47	10.76	465.39	7.83
Assets given under operating lease	23.94	0.20	0.57	11.17	-	13.54	15.89	0.05	0.60	8.62	7.92
Scientific Research:											
-Equipment	36.13	-	1.63	4.46	-	33.30	14.93	-	3.65	3.92	14.66
-Buildings	37.38	-	-	-	-	37.38	2.14	-	1.25	-	3.39
Furniture and Office Equipment	65.93	1.70	11.95	1.97	-	77.61	42.09	1.41	6.73	1.70	48.53
Vehicles:											
-Owned	8.37	0.24	0.60	1.67	-	7.54	6.25	0.39	0.95	1.52	6.07
-Assets acquired on financial lease	1.36	0.03	0.17	0.57	-	0.99	0.83	0.01	0.18	0.55	0.47
Leasehold Improvements	3.45	-	1.61	-	-	5.06	1.96	-	1.12	-	3.08
<b>Intangible Assets</b>											
-Trademark	22.23	-	-	-	22.23	17.70	-	0.74	-	-	18.44
-Software	36.00	0.02	12.07	0.65	-	47.44	23.32	0.02	5.82	0.65	28.51
-Others	0.99	-	-	-	-	0.99	0.60	(0.03)	0.03	-	0.60
<b>Total</b>	1,500.39	4.64	516.74	34.02	-	1,987.75	613.34	5.27	112.98	27.78	703.81
Previous Year	1,461.41	(17.93)	158.31	78.13	23.27	1,500.39	618.58	(9.60)	82.98	59.81	18.81
Capital WIP	407.23	(0.61)	130.89	494.19	-	43.32	-	-	-	-	-
Previous Year	92.18	(1.83)	409.55	92.61	0.06	407.23	-	-	-	0.07	(0.01)
										0.06	-
											407.23

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

	Nos.	Face value	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE E : INVESTMENTS</b>				
<b>Long Term Investments</b>				
<b>Unquoted</b>				
<b>(i) In Government Securities</b>				
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities [₹ 39,500/- (Previous year ₹ 39,500/-)]			-	-
<b>(ii) Trade Investments</b>				
(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
(d) Danish for Wood	2,500	EGP 10/-	0.02	0.52
Less : Provision for Diminution in the value of investments			(0.02)	-
(e) Middle East Company for Sealants and Adhesives, Egypt	50	EGP 100/-	-	-
(₹ Nil, Previous year ₹ 41,203)			-	-
Less : Provision for Diminution in the value of investments			-	-
(₹ Nil, Previous year ₹ 41,203)			-	-
(f) Master Builders Technologies for trading, Egypt	50	EGP 100/-	-	-
(₹ Nil, Previous year ₹ 41,203)			-	-
<b>(iii) Other investments</b>				
(a) Equity shares of SKH Metals Ltd.	62,500	₹ 10/-	0.50	0.50
			0.50	0.50
			1.02	1.02
<b>Total Long Term Unquoted Investments</b>				
<b>Quoted</b>				
<b>(i) Trade Investments</b>				
Akzo Nobel India Ltd. (Formerly ICI (India) Ltd.)	20,10,626	₹ 10/-	41.30	41.30
<b>(ii) Other Investments</b>				
Housing Development Finance Corporation Ltd.	4,65,000	₹ 2/-	0.12	0.12
(Shares held by the company has increased from 93000 to 465000 due to share split during the year)	(93,000)	(₹ 10/-)		
Apcotex Industries Ltd.	3,418	₹ 10/-	0.01	0.01
Pan United Corp	7,000		0.01	0.02
<b>(iii) Investment in Mutual Funds</b>				
ICICI Prudential Fixed Maturity Plan Series 51- 15 Months Plan E	50,00,000	₹ 10/-	5.00	5.00
KOTAK Fixed Maturity Plan Series 6 - Growth	50,00,000	₹ 10/-	5.00	5.00
SUNDARAM Fixed Term Plan Series Y - Growth	1,00,00,000	₹ 10/-	10.00	10.00
RELIANCE Fixed Horizon Fund - XIV - Series 1 - Growth Plan	2,00,00,000	₹ 10/-	20.00	20.00
ICICI Prudential Fixed Maturity Plan Series 51- 13 Months Plan C *	50,00,000	₹ 10/-	5.00	5.00
RELIGARE Fixed Maturity Plan-Series II Plan B - 15 Months Growth *	50,00,000	₹ 10/-	5.00	5.00
DWS Fixed Term Fund - Series 71 - Growth Plan	1,00,00,000	₹ 10/-	10.00	-
SUNDARAM Fixed Term Plan AN 367 Days	50,00,000	₹ 10/-	5.00	-

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

	Nos.	Face value	As at 31.03.2011	As at 31.03.2010
IDFC Fixed Maturity Yearly Series 33 - Growth	50,00,000	₹ 10/-	5.00	-
SUNDARAM Fixed Term Plan AO 367 Day	50,00,000	₹ 10/-	5.00	-
RELIANCE Fixed Horizon Fund - XVI - Series 1 - Growth	1,00,00,000	₹ 10/-	10.00	-
UTI Fixed Maturity Plan - Yearly Fixed Maturity Plan Series Institutional Growth (12/10)	50,00,000	₹ 10/-	5.00	-
UTI Fixed Term Income Fund Series VII-V (366 days)	2,00,00,000	₹ 10/-	20.00	-
BIRLA SUN LIFE Fixed Term Plan Series CK Growth	1,00,00,000	₹ 10/-	10.00	-
IDFC Fixed Maturity Yearly Series 35 Growth	50,00,000	₹ 10/-	5.00	-
SUNDARAM Fixed Term Plan AV 366 Days Growth	50,00,000	₹ 10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan-Series CM Growth	1,00,00,000	₹ 10/-	10.00	-
RELIGARE FMP Series V Plan A 368 Growth Plan	1,00,00,000	₹ 10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan A Cumulative	1,00,00,000	₹ 10/-	10.00	-
IDFC Fixed Maturity Yearly Series 36 Growth	1,00,00,000	₹ 10/-	10.00	-
SUNDARAM Fixed Term Plan AW 366 Days Growth	1,00,00,000	₹ 10/-	10.00	-
ICICI Prudential FMP Series 55 - 1 Year Plan B Cumulative	1,00,00,000	₹ 10/-	10.00	-
JM Fixed Maturity Fund Series XIX Plan A - Growth Plan 412	1,00,00,000	₹ 10/-	10.00	-
KOTAK Fixed Maturity Plan Series 37 - Growth	1,00,00,000	₹ 10/-	10.00	-
IDFC Fixed Maturity Yearly Series 37 - Growth	1,00,00,000	₹ 10/-	10.00	-
RELIGARE Fixed Maturity Plan-Series V - Plan E 370 Days - Growth	1,00,00,000	₹ 10/-	10.00	-
SUNDARAM Fixed term Plan AX 366 Days Growth	50,00,000	₹ 10/-	5.00	-
SBI Debt Fund Series - 370 Days - 10 Growth	1,10,00,000	₹ 10/-	11.00	-
IDFC Fixed Maturity Plan- Yearly Series 41 - Growth	1,00,00,000	₹ 10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan A Cumulative	1,00,00,000	₹ 10/-	10.00	-
CANARA ROBECO Fixed Maturity Plan Series 6 - 13 Month - Plan B - Growth	1,00,00,000	₹ 10/-	10.00	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan B Cumulative	50,00,000	₹ 10/-	5.00	-
RELIGARE Fixed Maturity Plan Series VI - Plan D - 370 days - Growth Plan	50,00,000	₹ 10/-	5.00	-
KOTAK Fixed Maturity Plan Series 40 - Growth	1,00,00,000	₹ 10/-	10.00	-
KOTAK Fixed Maturity Plan Series 42 - Growth	50,00,000	₹ 10/-	5.00	-
IDFC Fixed Maturity Plan - Yearly Series 42 - Growth	50,00,000	₹ 10/-	5.00	-
RELIGARE Fixed Maturity Plan Series VI - Plan E - 367 days - Growth Plan	1,00,00,000	₹ 10/-	10.00	-
BIRLA SUN LIFE Fixed Term Plan Series CW - Growth	1,00,00,000	₹ 10/-	10.00	-
TATA Fixed Maturity Plan Series 31 Scheme C - Growth	50,00,000	₹ 10/-	5.00	-
HDFC Fixed Maturity Plan 370 D March 2011(5) - Growth - Series XVI	1,00,00,000	₹ 10/-	10.00	-
UTI Fixed Term Income Fund Series IX-I (367 Days) - Growth	1,00,00,000	₹ 10/-	10.00	-
SUNDARAM Fixed Term Plan BA 366 Days Growth	1,00,00,000	₹ 10/-	10.00	-
<b>Total Long Term Quoted Investments</b>			<b>402.44</b>	<b>91.45</b>
<b>Total Long Term Investments</b>			<b>403.46</b>	<b>92.47</b>

\* Investments have been reclassified under "Quoted" in the current year compared to "Unquoted" in the last year due to change in status during the year.

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

	Nos.	Face value	As at 31.03.2011	As at 31.03.2010
<b>Current Investments (Unquoted)</b>				
<b>Investments in Fixed Deposits:</b>				
Housing Development Finance Corporation Limited			10.00	-
BIRLA SUN LIFE Savings Fund - Institutional - Growth	2,43,51,415 (3,33,33,365)	₹ 10/-	45.42	58.26
ICICI Prudential Flexible Income Plan Premium - Growth	27,24,949 (28,20,799)	₹ 100/-	49.80	48.30
IDFC Money Manager Fund - TP - Super Institutional Plan C - Growth	32,74,568 (5,38,18,267)	₹ 10/-	3.81	58.75
JM Money Manager Fund Super Plus Plan - Growth (3,28,75,323 units sold during the year)	- (3,28,75,323)	₹ 10/-	-	42.68
KOTAK Flexi Debt Scheme Institutional - Growth (4,75,68,404 units sold during the year)	- (4,75,68,404)	₹ 10/-	-	53.87
LIC NOMURA MF Savings Plus Fund - Growth Plan (4,03,07,389 units sold during the year)	- (4,03,07,389)	₹ 10/-	-	59.00
RELIANCE Money Manager Fund - Institutional Option - Growth Plan (3,00,908 units sold during the year)	- (3,00,908)	₹ 1,000/-	-	37.75
RELIGARE Ultra Short Term Fund - Institutional Growth	2,84,668 (4,20,50,553)	₹ 1,000/- (₹ 10/-)	38.47	53.24
TATA Floater Fund - Growth	6,37,80,017 (4,01,31,947)	₹ 10/-	93.53	55.10
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	3,91,18,076	₹ 10/-	50.06	-
TEMPLETON INDIA Ultra Short Bond Super Institutional Growth Plan	7,70,44,051	₹ 10/-	97.55	-
BIRLA SUN LIFE Short Term Opportunities Fund- Institutional Growth	89,66,222	₹ 10/-	10.04	-
CANARA ROBECO Treasury Adv.Super Institutional Growth Fund	47,36,767	₹ 10/-	7.03	-
SUNDARAM Ultra Short Term Fund Super Institutional Growth	1,05,64,677	₹ 10/-	14.00	-
KOTAK Floater Long Term - Growth	3,47,80,368	₹ 10/-	54.19	-
UTI Treasury Advantage Fund - Institutional Plan - (Growth Option)	98,722	₹ 1,000/-	13.03	-
Treasury bill - National Societe General Bank			25.51	60.05
LIC MF Savings Plus Fund - Dividend (46,48,028 units sold during the year)	- (46,48,028)	₹ 10/-	-	4.64
UTI Liquid cash plan Inst - Daily Income Opt - Re Invt.	9931	₹ 1,000/-	1.01	-
UTI Treasury Advantage Fund - Inst Plan - Growth	38186	₹ 1,000/-	5.04	-
<b>Total Current Investments</b>			<b>518.49</b>	<b>531.64</b>
<b>Total Investments</b>			<b>921.95</b>	<b>624.11</b>
Aggregate market value of Long term Quoted Investments:			568.58	186.80

Note :

- Figures in brackets indicate that of previous year.

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

		As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS</b>			
(i) Interest accrued on investments		<b>0.20</b>	0.21
(ii) Inventories			
(a) Raw materials	542.91	379.47	
(b) Packing materials	36.18	23.45	
(c) Finished goods (including Paints purchased for resale)	639.32	490.21	
(d) Work-in-process	62.35	42.97	
(e) Stores, spares and consumables	22.51	18.46	
(f) Other traded items	2.16	1.32	
	<b>1,305.43</b>	955.88	
(iii) Sundry Debtors (Unsecured)			
(a) Outstanding for more than six months			
Considered good	8.83	12.77	
Considered doubtful	32.99	30.61	
	41.82	43.38	
(b) Other debts			
Considered good	576.70	529.75	
Considered doubtful	0.02	0.01	
	576.72	529.76	
	618.54	573.14	
Less : Provision for doubtful debts	33.01	30.62	
	<b>585.53</b>	542.52	
(iv) Cash and Bank Balances			
(a) Cash on hand	0.98	0.79	
(b) Balances with Banks:			
(i) Current Accounts	100.94	88.24	
(ii) Term Deposits	29.76	12.94	
(iii) Cash Credit Accounts	1.36	3.86	
	<b>133.04</b>	105.83	
(v) Other Current Assets			
Other Receivables	89.31	64.63	
	<b>89.31</b>	64.63	
<b>LOANS AND ADVANCES</b>			
<b>Unsecured and considered good</b>			
(a) Balances with Customs, Central Excise etc.	17.04	28.61	
(b) Sundry deposits	30.18	28.04	
(c) Advances/ Claims recoverable in cash or in kind.	125.87	103.12	
(d) Advances to employees	3.74	2.81	
(e) Advances against capital expenditure	28.32	12.04	
(f) Advance Payment of taxes	0.29	-	
[Net of Provision for Tax of ₹ 1,887.08 crores (Previous year ₹ NIL)]	<b>205.44</b>	174.62	
<b>Unsecured and considered doubtful</b>			
(a) Advances/ Claims recoverable in cash or in kind.	2.68	2.68	
Less: Provision for doubtful advances/ claims recoverable in cash or in kind	(2.68)	-	(2.68)
	<b>2,318.95</b>	1,843.69	

## Schedules Forming Part of the Consolidated Balance Sheet

(₹ in Crores)

		As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE G: CURRENT LIABILITIES AND PROVISIONS</b>			
<b>Current Liabilities</b>			
(i) Acceptances		315.27	298.77
(ii) Sundry creditors			
- Trade	768.61	599.38	
- Others	122.77	118.94	
		891.38	718.32
		1,206.65	1,017.09
(iii) Investor Education and Protection Fund *			
(a) Unpaid/Unclaimed dividend	4.10	3.41	
(b) Unpaid/Unclaimed matured deposits [₹ 15,000/- (Previous year ₹ 15,000/-)]	-	-	
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.04	0.04	
		4.14	3.45
(iv) Other liabilities		429.58	359.11
		1,640.37	1,379.65
<b>Provisions</b>			
(i) Proposed Dividend		225.41	177.45
(ii) Provision for tax on Proposed Dividend		36.57	29.47
(iii) Defined benefit obligations (Refer Note B - 8 in Schedule M)		3.80	3.90
(iv) Provision for accrued leave		59.08	51.36
(v) Provision for Tax (Net of Advance Tax) [Net of Advance Tax ₹ NIL (Previous year Net of Advance Tax of ₹ 1,495.24)]		-	41.95
(vi) Other provisions (Refer Note B - 12 in Schedule 'M')	11.67	10.91	
		336.53	315.04
		<b>1,976.90</b>	<b>1,694.69</b>

\* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31<sup>st</sup> March, 2011. These amounts shall be paid to the fund as and when they become due.

## Schedules Forming Part of the Consolidated Profit and Loss Account

(₹ in Crores)

	Year 2010-2011	Year 2009-2010
<b>SCHEDULE H : SALES AND OPERATING INCOME</b>		
Revenue from Sales (Net of returns)	8,610.76	7,314.47
Less: Discounts	307.26	284.39
<b>Sales (Net of discounts)</b>	<b>8,303.50</b>	<b>7,030.08</b>
<b>Operating Income:</b>		
Processing charges	14.19	10.44
Lease Rent	1.04	5.10
Revenue from Home Solutions operations	12.66	12.32
Revenue from painting and related services	30.08	48.62
	<b>8,361.47</b>	<b>7,106.56</b>
<b>SCHEDULE I : OTHER INCOME</b>		
Interest received	10.48	11.06
Claims received	0.11	0.57
Dividends	35.47	22.62
Royalty	2.40	2.35
Sundry balances written back (Net)	0.61	1.19
Reversal of provision for liabilities no longer required	-	1.08
Profit on sale of short term investments (Net)	0.45	-
Profit on sale of long term investments (Net)	-	62.72
Profit on sale of fixed assets (Net) - (Refer Note B - 11 in Schedule 'M')	2.71	7.88
Exchange difference (Net)	1.92	7.90
Miscellaneous income	28.48	23.13
	<b>82.63</b>	<b>140.50</b>

## Schedules Forming Part of the Consolidated Profit and Loss Account

(₹ in Crores)

	Year 2010-2011	Year 2009-2010
<b>SCHEDULE J : MATERIAL COST</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	379.47	317.59
Add: Purchases	3,868.85	3,151.23
	<hr/> 4,248.32	<hr/> 3,468.82
Less: Closing Stock	542.91	379.47
	<hr/> 3,705.41	<hr/> 3,089.35
<b>Packing Materials Consumed</b>		
Opening Stock	23.45	24.67
Add: Purchases	732.55	630.89
	<hr/> 756.00	<hr/> 655.56
Less: Closing Stock	36.18	23.45
	<hr/> 719.82	<hr/> 632.11
<b>Cost of Paints purchased for resale</b>		
Opening Stock	23.88	18.87
Add: Purchases	133.81	94.50
	<hr/> 157.69	<hr/> 113.37
Less: Closing Stock	26.25	23.88
	<hr/> 131.44	<hr/> 89.49
<b>Cost of other goods sold</b>		
Opening Stock	1.32	1.60
Add: Purchases	66.96	43.52
	<hr/> 68.28	<hr/> 45.12
Less: Closing Stock	2.16	1.32
	<hr/> 66.12	<hr/> 43.80
<b>(Increase) in finished stock and work-in-process</b>		
Opening Stock	509.30	389.13
Closing Stock	675.42	509.30
	<hr/> (166.12)	<hr/> (120.17)
	17.89	23.38
	<hr/> <b>4,474.56</b>	<hr/> <b>3,757.96</b>
<b>SCHEDULE K: EMPLOYEE COST</b>		
Salaries, wages, allowances, commission, bonus and accrued leave salary	388.78	378.65
Contribution to Defined contribution plans: Provident and other funds	19.89	18.77
Defined Benefit Plans (Gratuity and other Plans)	14.64	13.26
(Refer Note B - 8 in Schedule M)	30.68	25.60
Staff Welfare expenses	<hr/> <b>453.99</b>	<hr/> <b>436.28</b>

## Schedules Forming Part of the Consolidated Profit and Loss Account

(₹ in Crores)

	Year 2010-2011	Year 2009-2010
<b>SCHEDULE L : MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES</b>		
Stores and spares	27.93	22.99
Power and fuel	74.56	56.48
Processing charges	51.24	43.96
Repairs and Maintenance:		
Buildings	9.87	6.44
Machinery	12.92	10.96
Others	23.35	24.22
	46.14	41.62
Rent	62.10	50.44
Rates and taxes	19.83	27.13
Insurance	7.53	7.66
Printing, stationery and communication expenses	30.94	30.32
Travelling expenses	46.41	43.35
Donations	2.17	2.29
Commission to Non-Executive Directors	1.89	1.89
Directors' sitting fees	0.17	0.20
Auditors' remuneration	3.44	3.55
Bank charges	2.77	8.28
Information Technology expenses	12.72	11.71
Legal and professional expenses	15.25	14.30
Training and recruitment	7.96	5.69
Freight and handling charges	305.61	251.84
Advertisement and sales promotional expenses	342.58	299.41
Cash and payment performance discount	319.39	247.40
Commission on sales	1.46	2.06
Bad debts written off	4.52	11.16
Provision for doubtful debts and advances	2.39	0.72
Miscellaneous expenses	75.72	74.85
	<b>1,464.72</b>	1,259.30

## Schedules Forming Part of the Consolidated Financial Statements

### 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 directly attributable costs related to the acquisition or construction 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 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.

Goodwill (or negative goodwill) arising on increase of stake in a subsidiary that does not result in a loss of control, is adjusted against General Reserve.

#### **4. Revenue Recognition**

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax/VAT and 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 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 and 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 written down/provided for.
- 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 currency 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 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 operate 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 operate 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 attributable to shareholders for the year by weighted average number of equity shares outstanding during the year.

**15. Proposed Dividend**

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

**B. NOTES:**

(₹ in Crores)

		2010-11	2009-10
<b>1.</b>	Estimated amount of contracts remaining to be executed on capital account and not provided for	302.54	60.30
<b>2.</b>	Letters of credit and bank guarantees issued by bankers and outstanding as at Balance Sheet Date	82.58	47.75
<b>3.</b>	<b>Contingent Liabilities</b>		
(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	5.33	11.41
	(b) to others	10.02	18.41
(ii)	Claims against the Company not acknowledged as debts		
	(a) Tax matters in dispute under appeal	75.52	51.32
	(b) Others	8.42	7.50
(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. Berger Paints Trinidad Limited filed a counter claim for the recovery of the amounts due from former Regional Managing Director. This matter is subject to Trinidad and Tobago 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. However, in the event that this case is ruled against the Group, the likely impact is not expected to be material, based on management's best estimate.		

**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 31 <sup>st</sup> March, 2011	Accounting period***
Asian Paints (Nepal) Pvt. Limited	Nepal	51.00%	14 <sup>th</sup> March, 2010 – 14 <sup>th</sup> March, 2011
Asian Paints (International) Limited	Mauritius	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints Industrial Coatings Limited	India	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Multifacet Infrastructure (India) Limited	India	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Maxbhumi Developers Limited	India	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
AP Coatings Limited *	India	100.00%	30 <sup>th</sup> November, 2010 – 31 <sup>st</sup> March, 2011

\* Incorporated on 30<sup>th</sup> November, 2010

**Indirect Subsidiaries:**

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

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period***
Asian Paints (South Pacific) Limited	Fiji Islands	51.30%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints (S.I.) Limited	Solomon Islands	75.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period***
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints (Lanka) Limited *	Sri Lanka	98.86%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints (Bangladesh) Limited	Bangladesh	89.78%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
SCIB Chemicals S.A.E.	Egypt	60.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Samoa Paints Ltd **	Samoa	80.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Berger International Limited	Singapore	50.10%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011

\* Stake in Sri Lanka increased from 98.74% on 31<sup>st</sup> March, 2010 to 98.86% on 31<sup>st</sup> March, 2011.

\*\* Samoa Paints Ltd. was earlier an indirect subsidiary of Asian Paints (International) Ltd. On 22nd November 2010, Asian Paints (International) Ltd. acquired 80% stake in Samoa Paints Ltd. from Taubmans Paints (Fiji) Ltd., a subsidiary of Asian Paints (South Pacific) Ltd.

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

Taubmans Paints (Fiji) Limited	Fiji Island	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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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 liquidation is pending subject to legal formalities.

## iii) Subsidiaries of Berger International Limited:

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period ***
Berger Paints Singapore Pte. Limited	Singapore	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Berger Building Services (Singapore) Pte. Limited	Singapore	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Enterprise Paints Limited	Isle of Man, U.K.	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Universal Paints Limited	Isle of Man, U.K.	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Lewis Berger (Overseas Holdings) Limited	U.K.	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011

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

Berger Contractor (Singapore) Pte. Limited	Singapore	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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## v) Subsidiary of Enterprise Paints Limited

Nirvana Investments Limited	Isle of Man, U.K.	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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## vi) Subsidiary of Nirvana Investments Ltd.:

Berger Paints Emirates Limited	U.A.E.	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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## vii) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Limited	Jamaica	51.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Berger Paints Trinidad Limited	Trinidad	70.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
Berger Paints Barbados Limited	Barbados	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011

## viii) Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.	Bahrain	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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## ix) Joint Venture:

Asian PPG Industries Limited, a joint venture between the parent company and PPG Industries Inc., U.S.A., wherein the parent company has 50% equity participation.

**x) Direct subsidiary of the Joint Venture:**

Faaber Paints Pvt Limited	India	100.00%	1 <sup>st</sup> April, 2010 – 31 <sup>st</sup> March, 2011
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\*\*\* For the previous year, the accounting period of all the foreign subsidiaries (except Asian Paints (Nepal) Pvt. Ltd.) was 1<sup>st</sup> January, 2009 – 31<sup>st</sup> March, 2010. The accounting period for Asian Paints (Nepal) Pvt. Ltd. in the previous year was 14<sup>th</sup> January, 2009 – 13<sup>th</sup> March, 2010.

**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 change 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 unamortised 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 31<sup>st</sup> March, 2011 is as follows:

	(₹ in crores)	
	2010-2011	2009-2010
(1) Assets	192.03	160.10
(2) Liabilities	86.96	71.85
(3) Income	295.68	231.65
(4) Expenses	278.87	216.62

- The parent company's share of capital commitments in the JV as at 31<sup>st</sup> March, 2011 is ₹ 1.22 Crores (Previous year ₹ 0.98 crores).
- The parent company's share of contingent liabilities of the JV as at 31<sup>st</sup> March, 2011 is ₹ 6.71 Crores (Previous year ₹ 6.02 crores).
- No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2011 in relation to the parent company's interests in the JV along with the other venture. (Previous year ₹ Nil).

**7.** 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 31<sup>st</sup> March, 2011 are as follows:

	(₹ in crores)	As at 31.03.2011	As at 31.03.2010
<b>Deferred Tax Liabilities</b>			
Difference between the Written Down Value of assets as per books of accounts and Income Tax		(106.46)	(80.05)
Unremitted income		(1.49)	(1.31)
Retirement Benefit Plans		(2.78)	(4.90)
Expenses allowed for tax purpose on payment basis (Amount paid under protest)		(6.95)	-
Others		(0.40)	(0.78)
<b>Total Deferred Tax Liabilities</b>		<b>(118.08)</b>	<b>(87.04)</b>
<b>Deferred Tax Assets</b>			
Expenses allowed for tax purpose on payment basis		19.63	17.81
Provision for doubtful debts		7.29	4.23
Expenditure debited to Profit and Loss Account but allowed in Income tax over a longer period.		3.52	4.94
Losses carried forward under Income Tax		2.46	3.83
<b>Total Deferred Tax Assets</b>		<b>32.90</b>	<b>30.81</b>
<b>Net Deferred Tax (liability)</b>		<b>(85.18)</b>	<b>(56.23)</b>
Foreign Exchange Fluctuation (Loss)/ Gain		(1.65)	0.54
Over provision of deferred tax		0.84	2.08
<b>Deferred tax (expense) for the year</b>		<b>(28.15)</b>	<b>(5.54)</b>

## 8. Employee Benefits:

### (1) Short-term employee benefits:

The liability towards short-term employee benefits for the year ended 31<sup>st</sup> March, 2011 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:

	(₹ in Crores)			
	Gratuity and Pension (Funded)		Pension, Leaving Indemnity and Medical Plan (Unfunded)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
<b>Amount Recognised in Balance Sheet</b>				
Present Value of Funded Obligations	134.96	120.46	-	-
Fair Value of Plan Assets	(143.15)	(126.29)	-	-
Present Value of Unfunded Obligations	-	-	15.88	15.18
Amount not recognised as Asset, because of the limitation as per AS-15 (Revised) and unrecognised actuarial gains/losses	(2.46)	(2.78)	(1.54)	(2.76)
<b>Net Liability/(Asset)</b>	<b>(10.65)</b>	<b>(8.61)</b>	<b>14.34</b>	<b>12.42</b>
<b>Amounts in Balance Sheet</b>				
Liability	8.30	11.02	14.34	12.42
Assets	(18.95)	(19.63)	-	-
<b>Net Liability/(Asset)</b>	<b>(10.65)</b>	<b>(8.61)</b>	<b>14.34</b>	<b>12.42</b>

	(₹ in Crores)			
	Gratuity and Pension (Funded)		Pension, Leaving Indemnity and Medical Plan (Unfunded)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
<b>Expense Recognised in the Profit and Loss Account</b>				
Current Service Cost	7.37	6.73	0.83	0.88
Interest on Defined Benefit Obligation	10.23	11.46	1.37	1.45
Expected Return on Plan Assets	(9.83)	(12.80)	-	-
Net Actuarial Losses/(Gains) Recognized in Year	3.63	(0.12)	0.23	(0.23)
Past Service Cost	-	5.97	-	-
Adjustment for current year unutilised asset	0.81	(0.08)	-	-
<b>Total, Included in “Employee Benefit Expense”</b>	<b>12.21</b>	11.16	<b>2.43</b>	2.10
Actual Return on Plan Assets	9.21	12.29	-	-
<b>Movement in the asset recognised in the balance sheet:</b>				
Opening Net (Asset)/Liability	(8.61)	(13.90)	12.42	12.78
Currency translation difference	( 0.45)	2.60	0.24	(1.31)
Total charge as above	12.21	11.16	2.43	2.10
Contribution	( 13.80)	(8.47)	(0.75)	(1.15)
<b>Closing Net (Asset)/Liability</b>	<b>(10.65)</b>	(8.61)	<b>14.34</b>	12.42
<b>Reconciliation of Benefit Obligations and Plan Assets for the Period</b>				
<b>Change in Defined Benefit Obligation</b>				
Opening Defined Benefit Obligation	120.46	115.05	15.18	12.78
Current Service Cost	7.38	6.73	0.83	0.83
Interest Cost	10.23	11.46	1.37	1.45
Actuarial Losses/(Gain)	3.28	(1.46)	(1.12)	2.48
Past Service Cost	-	5.97	-	-
Exchange Difference on Foreign Plans	1.01	(7.06)	0.37	(1.18)
Member Contributions	0.77	0.95	-	-
Benefits Paid	(8.17)	(11.18)	(0.75)	(1.18)
<b>Closing Defined Benefit Obligation as at 31st March, 2011</b>	<b>134.96</b>	120.46	<b>15.88</b>	15.18
<b>Change in Fair Value of Assets</b>				
Opening Fair Value of Plan Assets	126.29	125.30	-	-
Expected Return on Plan Assets	9.83	12.81	-	-
Actuarial Gain / (Losses)	(0.85)	(0.52)	-	-
Contributions by Employer	13.80	8.47	0.75	1.18
Exchange Difference on Foreign Plans	1.48	(9.50)	-	-
Member Contributions	0.77	0.91	-	-
Benefits Paid	(8.17)	(11.18)	(0.75)	(1.18)
<b>Closing Fair Value of Plan Assets as at 31st March, 2011</b>	<b>143.15</b>	126.29	-	-
<b>Summary of the Actuarial Assumptions</b>				
Discount Rate	6.25-10.5%	4.5%-11.5%	5.0-5.2%	4.5%-11.5%
Expected Rate of Return on Assets	6.25-8.5%	6.5%-9.0%		

	Experience Adjustments for the current and previous four periods (₹ in crores)				
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
<b>Gratuity and Pension (Funded)</b>					
Defined Benefit Obligation	134.96	120.46	115.05	95.09	89.20
Plan Assets	143.15	126.29	125.30	111.27	116.12
Surplus	8.19	5.83	10.25	16.18	26.92
Experience adjustment on plan Liabilities	0.03	(2.17)	4.74	1.85	6.26
Experience adjustment on plan assets	0.57	(0.62)	(4.47)	1.48	(0.63)
<b>Pension and Medical Plan (Unfunded)</b>					
Defined Benefit Obligation	15.88	15.18	13.16	10.05	11.05
Plan Assets	-	-	-	-	-
(Deficit)	(15.88)	(15.18)	(13.16)	(10.05)	(11.05)
Experience adjustment on plan Liabilities	(0.57)	(2.38)	0.88	(0.60)	0.58
Experience adjustment on plan assets	-	-	-	-	-

**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 and pension fund for the financial year 2011-12 will be ₹ 9.1 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.

**9. Earnings per share:**

	2010-2011	2009-2010
a) Basic and diluted earnings per share before exceptional item in rupees (face value - ₹ 10/- per share)	87.91	87.00
b) Basic and diluted earnings per share attributable to shareholders in rupees (face value - ₹ 10/- per share)	87.91	87.12
c) Profit attributable to shareholders before exceptional item as per Profit and Loss Account. (₹ in crores)	843.24	834.49
d) Profit attributable to shareholders as per Profit & Loss Account. (₹ in crores)	843.24	835.64
e) Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

**10. 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 5 year period. A security deposit is collected at the time of signing the agreement.
- (c) Future minimum lease rentals receivable as at 31<sup>st</sup> March, 2011 as per the lease agreements:

(₹ in crores)

	As at 31.03.2011	As at 31.03.2010
i) Not later than one year	0.33	0.37
ii) Later than one year and not later than five years	0.38	0.28
iii) Later than five years	-	-
<b>Total</b>	<b>0.71</b>	<b>0.65</b>

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 – ₹ 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 31<sup>st</sup> March, 2011 as per the lease agreements:

(₹ in crores)

	As at 31.03.2011	As at 31.03.2010
i) Not later than one year	8.22	7.61
ii) Later than one year and not later than five years	12.27	10.48
iii) Later than five years	0.77	1.11
<b>Total</b>	<b>21.26</b>	<b>19.20</b>

- (e) Lease payments recognised in the profit and loss account for the period is ₹ 8.35 crores (Previous year ₹ 13.31 crores).
- (f) Total amount of contingent rents recognised as expense – ₹ 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 31<sup>st</sup> March, 2011 as per the lease agreements:

(₹ in crores)

	As at 31.03.2011			As at 31.03.2010		
	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	0.19	0.05	0.14	0.26	0.04	0.22
ii) Later than one year and not later than five years	0.44	0.06	0.38	0.37	0.05	0.32
iii) Later than five years	0.02	0.01	0.01	0.06	0.01	0.05
<b>Total</b>	<b>0.65</b>	<b>0.12</b>	<b>0.53</b>	<b>0.69</b>	<b>0.10</b>	<b>0.59</b>

- (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 31<sup>st</sup> March, 2011 as per the lease agreements:

(₹ in crores)

	As at 31.03.2011			As at 31.03.2010		
	Minimum lease payments	Unearned finance Income	Present value	Minimum lease payments	Unearned finance Income	Present value
i) Not later than one year	0.73	0.33	0.40	0.89	0.36	0.53
ii) Later than one year and not later than five years	0.21	0.05	0.16	0.31	0.08	0.23
iii) Later than five years	-	-	-	-	-	-
<b>Total</b>	<b>0.94</b>	<b>0.38</b>	<b>0.56</b>	1.20	0.44	0.76

11. Profit on sale of fixed asset includes ₹ 1.34 crores (Previous year ₹ 6.06 crores) arising out of sale of colour world machines on expiry of lease.
12. 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 31<sup>st</sup> March, 2011 is as follows:

(₹ in crores)

	Provision for Excise <sup>(1)</sup>		Provision for Sales Tax <sup>(1)</sup>		Provision for Warranties <sup>(2)</sup>	
	2010 - 11	2009 - 10	2010 - 11	2009 - 10	2010 - 11	2009 - 10
Opening Balance	1.36	1.11	8.11	0.31	1.44	1.38
Additions	0.04	0.25	0.50	7.80	0.31	0.48
Utilisations	(0.25)	-	-	-	(0.01)	(0.20)
Reversals	-	-	-	-	-	(0.14)
Currency translation	-	-	-	-	0.17	(0.08)
<b>Closing Balance</b>	<b>1.15</b>	<b>1.36</b>	<b>8.61</b>	<b>8.11</b>	<b>1.91</b>	<b>1.44</b>

(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.

13. Information on related party transactions as required by Accounting Standard (AS)-18 for the year ended 31<sup>st</sup> March, 2011.

(₹ in crores)

Particulars	Key Management Personnel ^		Companies Controlled by Directors/Relatives		Employee benefit plans where control exists		Promoters & their relatives having control ^		Others	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Sale of goods			2.52	4.35						
Purchase of goods			193.51	152.52						
Processing of goods (Expense)			0.52	0.68						
Other recoveries			0.46	0.16						
Remuneration	10.24	10.11					3.29	2.66		
Commission to Non-Executive Directors							0.83	0.90		
Sitting Fees Paid to Non-Executive Directors							0.06	0.07		
Other services			0.34	0.91			0.22	0.47		
Retiral Benefits									1.00	1.00
Donation										
Purchase of Assets			0.43	0.15						
Contributions during the year					38.24	31.18				
Outstanding as at 31 <sup>st</sup> March										
Amount receivables			0.29	0.21						
Amount payable	1.50	1.50	1.42	2.33			12.70	0.83	0.90	-

^ 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
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**2. Directors/ Key Management personnel of subsidiaries/ joint venture:**

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

**3 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
Ina Dani *	Non-Executive Director
Hasit Dani	Non-Executive Director (resigned on 3 <sup>rd</sup> June, 2010)

\* Mrs. Ina Dani has been appointed as an Additional Director w.e.f. 27<sup>th</sup> July, 2010.

**Relatives of promoters who are under the employment of the company:**

Jalaj Dani \*

Manish Choksi\*\*

Jigish Choksi

Nehal Vakil (resigned on 30<sup>th</sup> July, 2010)

Varun Vakil (w.e.f 16<sup>th</sup> July, 2010)

\* Mr. Jalaj Dani is also Chairman of Berger International Limited and director on most of the subsidiary companies.

\*\* Mr. Manish Choksi 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.	Himanshu Holdings Pvt. Ltd.	Rangudyan Insurance Broking Services Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Hiren Holdings Pvt. Ltd.	Resins and Plastics Ltd.
Castle Investment and Industries Pvt. Ltd.	Hitech Plast Ltd.	Ricinash Oil Mill Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Haish Holding & Trading Co. Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Clear Mipak Packaging Solutions Ltd.	ISIS Holding & Trading Co. Pvt. Ltd.	S.C. Dani Research Foundation Pvt. Ltd.
Coatings Specialties (India) Ltd.	Jalaj Trading and Investments Co. Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Jaldhar Investments and Trading Co. Pvt. Ltd.	Sapan Investments Pvt. Ltd.
Dani Finlease Ltd.	Kalica Paper Industries Pvt. Ltd.	Satyadharma Investments & Trading Co. Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Lambodar Investments & Trading Co. Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Elcid Investments Ltd.	Lyon Investment and Industries Pvt. Ltd.	Suprasad Investments & Trading Co. Pvt. Ltd.
ELF Trading and Chemical Mfg. Ltd.	Murahar Investments and Trading Co. Ltd.	Suptaswar Investments and Trading Co. Ltd.
Express Engg & Construction Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Suryakant Paint Accessories Private Ltd.
Express Restaurant Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Tru Trading and Investments Pvt. Ltd.
Express Transport Pvt. Ltd.	Omega Properties Pvt. Ltd.	Unnati Trading and Investments Pvt. Ltd.
Geetanjali Trading & Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Vijal Holding & Trading Co. Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Marketing Pvt. Ltd.	Vikatmev Containers Ltd.

**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
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**14. Segment Information for the year ended 31st March, 2011**

(i) Primary segment information:

Business segment:

(₹ in crores)

	2010-11			2009-10		
	Paints	Others*	Total	Paints	Others*	Total
<b>REVENUE</b>						
External Sales (Net)	7,626.37	79.87	7,706.24	6,591.64	89.30	6,680.94
Inter-Segment Sales		110.03	110.03		90.41	90.41
Other Income	32.45	1.56	34.01	37.58	1.04	38.62
<b>Total Revenue</b>	<b>7,658.82</b>	<b>191.46</b>	<b>7,850.28</b>	<b>6,629.22</b>	<b>180.75</b>	<b>6,809.97</b>
<b>RESULT</b>						
Segment result	1,284.25	18.92	1,303.17	1,220.49	23.04	1,243.53
Unallocated expenses			(69.32)			(61.07)
<b>Operating Profit</b>			<b>1,233.85</b>			<b>1,182.46</b>
Interest Expenses			(22.23)			(28.47)
Interest Income			10.48			11.06
Dividends			35.47			22.62
Profit on sale of investments			0.45			62.72
Profit on sale of fixed assets			0.55			0.81
Profit on sale of Subsidiaries			-			1.15
Miscellaneous Income			1.67			4.67
Income taxes			(378.89)			(373.11)
<b>Profit after tax</b>			<b>881.35</b>			<b>883.91</b>
<b>OTHER INFORMATION</b>						
Segment assets	3,400.13	73.12	3,473.25	2,925.06	65.81	2,990.87
Unallocated assets			1,120.83			793.71
<b>Total assets</b>			<b>4,594.08</b>			<b>3,784.58</b>
Segment liabilities	1,650.56	26.12	1,676.68	1,391.17	21.26	1,412.43
Unallocated liabilities			729.98			663.55
<b>Total liabilities</b>			<b>2,406.66</b>			<b>2,075.98</b>
Capital expenditure	494.09	4.90	498.99	135.59	8.79	144.38
Unallocated capital expenditure			17.75			13.93
<b>Total</b>			<b>516.74</b>			<b>158.31</b>
Depreciation/Impairment	109.18	2.96	112.14	80.20	2.68	82.88
Unallocated Depreciation/Impairment			0.99			0.68
<b>Total</b>			<b>113.13</b>			<b>83.56</b>

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

## (ii) Secondary segment information:

## Geographical Segment:

(₹ in crores)

	2010-11			2009-10		
	Domestic Operations	International Operations	Total	Domestic Operations	International Operations	Total
Segment revenue	6,814.34	1,035.94	7,850.28	5,532.15	1,277.82	6,809.97
Carrying cost of segment assets	3,942.57	651.52	4,594.09	3,185.91	598.67	3,784.58
Additions to fixed and intangible assets	516.74	-	516.74	141.82	16.49	158.31

15. The current year's results are not comparable with the previous year due to inclusion of financial results of 12 (twelve) months of overseas subsidiaries as against 15 (fifteen) months in the previous period. The impact of the additional 3 months of overseas subsidiary results in the previous year (viz. The period from 1<sup>st</sup> January, 2009 – 31<sup>st</sup> March, 2009) on Sales & Operating Income (net of excise and discounts) is ₹ 234.23 crores and on Profit attributable to shareholders is ₹ 7.37 crores.

16. 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

**P.M. Murty**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**H. N. Shah**Partner  
Membership No.: 08152**Natrajh Ramakrishna**Partner  
Membership No.: 32815**Dipankar Basu**

Director

**Jayesh Merchant**Chief Financial Officer &  
Company Secretary

Mumbai

10<sup>th</sup> May, 2011

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

Subsidiary Name	Currency	Exchange Rate	Accounting Period	Capital		Reserves	Total Liabilities	Total Assets	Investment (other than in subsidiaries)	Turnover	PBT	Tax provision	PAT	Dividends Proposed/Paid	
				Current Period	Previous Period					Period	Period	Period	Period	Period	
				Period	Period	Period	Period	Period	Period	Period	Period	Period	Period	Period	
Asian Paints (Bangladesh) Ltd.	Taka	0.64	Apr 10 to Mar 11	Jan 09 to Mar 10	25.08	26.17	(11.56)	(14.11)	24.48	27.88	37.99	38.95	-	-	-
Asian Paints (International) Ltd.	US \$	45.40	45.03	Apr 10 to Mar 11	Jan 09 to Mar 10	112.44	111.53	50.01	4.60	7.35	7.54	144.80	123.67	-	-
Asian Paints (Middle East) LLC	OMR	118.24	117.41	Apr 10 to Mar 11	Jan 09 to Mar 10	7.35	7.30	11.36	9.67	15.44	13.58	34.15	30.55	-	-
Asian Paints (Nepal) Pvt. Ltd.	NP Rs	0.64	0.64	14th Mar 10 to 13th Mar 11	14th Jan 10 to 13th Mar 11	1.37	1.35	19.96	12.64	18.43	14.43	39.76	28.42	-	-
Asian Paints (S.L.) Ltd.	SL \$	6.31	6.06	Apr 10 to Mar 11	Jan 09 to Mar 10	0.40	0.38	7.41	6.98	2.25	2.19	10.06	9.55	1.39	1.34
Asian Paints (South Pacific) Ltd.	Fiji \$	25.09	23.48	Apr 10 to Mar 11	Jan 09 to Mar 10	1.19	1.12	27.79	20.66	14.09	14.59	43.07	36.37	2.16	1.77
Asian Paints (Tonga) Ltd.	\$ Top	24.41	23.88	Apr 10 to Mar 11	Jan 09 to Mar 10	0.29	0.29	4.27	3.98	0.38	1.29	4.94	5.55	0.63	0.65
Asian Paints (Vanuatu) Ltd.	Vatu	0.50	0.47	Apr 10 to Mar 11	Jan 09 to Mar 10	1.56	1.46	3.37	3.44	1.09	0.87	6.02	5.77	0.01	0.01
Asian Paints Industrial Coatings Ltd.	₹	1.00	1.00	Apr 10 to Mar 11	Apr 09 to Mar 10	30.45	30.45	9.35	6.59	20.62	15.54	60.32	52.58	6.05	-
Asian Paints Lanka Ltd.	SL Rs	0.41	0.40	Apr 10 to Mar 11	Jan 09 to Mar 10	22.12	19.21	(4.51)	(8.53)	17.21	36.14	31.48	-	-	-
Asian Paints South Pacific Holdings Ltd.	US \$	45.40	45.03	-	Jan 09 to Mar 10	-	-	-	-	-	-	-	-	-	-
Berger Building Services (Singapore) Pte. Ltd.	SG\$	32.20	32.20	Apr 10 to Mar 11	Jan 09 to Mar 10	3.60	3.22	(3.60)	(3.26)	-	-	0.03	-	-	-
Berger Contractor (Singapore) Pte. Ltd.	SG\$	35.98	32.20	Apr 10 to Mar 11	Jan 09 to Mar 10	16.19	14.49	(16.19)	(14.57)	-	-	-	-	-	-
Berger International Ltd.	SG\$	35.98	32.20	Apr 10 to Mar 11	Jan 09 to Mar 10	132.21	118.33	(175.59)	(157.08)	159.16	144.08	115.79	105.33	-	-
Berger International Sdn. Bhd.	MYR	-	13.79	-	Jan 09 to Mar 10	-	33.11	-	(29.44)	-	5.40	-	9.06	-	-
Berger Paints (Hong Kong) Ltd.	HK \$	-	5.80	-	Jan 09 to Mar 10	-	0.99	-	(0.76)	-	0.30	-	0.53	-	-
Berger Paints (China) Co. Ltd.	CNY	-	6.61	-	Jan 09 to Mar 10	-	50.85	-	(50.18)	-	2.00	-	2.67	-	-
Berger Paints (Malaysia) Ltd.	THB	-	1.40	-	Jan 09 to Mar 10	-	37.10	-	(33.97)	-	5.59	-	8.73	-	-
Berger Paints Bahrain W.L.L.	BHD	120.76	120.03	Apr 10 to Mar 11	Jan 09 to Mar 10	5.05	5.02	21.10	22.55	10.58	13.01	36.72	40.58	-	-
Berger Paints Barbados Ltd.	BB \$	23.11	22.94	Apr 10 to Mar 11	Jan 09 to Mar 10	4.34	4.31	13.40	10.89	7.74	8.70	25.49	23.91	-	-
Berger Paints Emirates Ltd.	AED	12.36	12.26	Apr 10 to Mar 11	Jan 09 to Mar 10	1.24	1.23	23.51	4.53	46.26	66.71	71.00	72.47	-	-
Berger Paints Jamaica Ltd.	JM \$	0.54	0.51	Apr 10 to Mar 11	Jan 09 to Mar 10	7.66	7.28	17.44	16.25	22.16	17.94	47.26	41.46	-	-
Berger Paints Singapore Pte. Ltd.	SG\$	35.98	32.20	Apr 10 to Mar 11	Jan 09 to Mar 10	52.32	46.82	(30.20)	(30.06)	18.26	18.10	40.37	34.86	0.01	0.01
Berger Paints Trinidad Ltd.	TT \$	7.24	7.24	Apr 10 to Mar 11	Jan 09 to Mar 10	4.28	4.27	15.47	14.32	11.62	9.69	31.37	28.28	-	-
Enterprise Paints Ltd.	GBP	72.79	67.87	Apr 10 to Mar 11	Jan 09 to Mar 10	1.06	0.99	(15.82)	(14.75)	15.41	14.37	0.65	0.61	-	-
Lewis Berger (Overseas Holdings) Ltd.	GBP	72.79	67.87	Apr 10 to Mar 11	Jan 09 to Mar 10	13.61	12.69	15.17	15.07	0.23	0.18	29.01	27.94	-	-
Maxithum Developers Ltd.	₹	1.00	1.00	Apr 10 to Mar 11	Apr 09 to Mar 10	0.05	0.05	(0.17)	(0.09)	14.17	13.99	14.05	13.96	-	-
Nirvana Investments Ltd.	GBP	72.79	74.16	Apr 10 to Mar 11	Jan 09 to Mar 10	-	-	(0.08)	(0.08)	0.65	0.66	0.57	0.58	-	-
Samoa Paints Ltd.	WST \$	19.65	17.94	Apr 10 to Mar 11	Jan 09 to Mar 10	0.18	0.16	2.98	2.62	0.48	0.30	3.64	3.08	-	-
SCIB Chemicals S.A.E.	EGP	7.64	8.24	Apr 10 to Mar 11	Jan 09 to Mar 10	13.76	14.83	97.76	84.85	69.23	71.89	180.75	171.57	-	-
Talibmans Paints Fiji Ltd.	Fiji \$	25.09	23.48	Apr 10 to Mar 11	Jan 09 to Mar 10	0.40	0.38	(0.02)	(0.01)	0.02	-	0.37	0.37	-	-
Universal Paints Ltd.	GBP	72.79	67.87	Apr 10 to Mar 11	Jan 09 to Mar 10	3.12	2.91	40.22	31.60	-	43.34	34.51	-	-	-
Multilace Infrastructure (India) Ltd.	₹	1.00	1.00	Apr 10 to Mar 11	Apr 09 to Mar 10	0.05	0.01	(0.03)	(0.03)	0.03	0.04	0.01	-	-	-
AP Coatings Ltd.	₹	1.00	NA	Nov 09 to Mar 11	NA	0.05	-	(0.01)	-	0.01	-	-	0.05	-	-

Note - Indian rupees equivalent of the figures given in foreign currency translated at the exchange rate as at 31.03.2011 for current period and 31.03.2010 for previous period

All figures except exchange rates in ₹ crores

**REPORT ON  
CORPORATE GOVERNANCE  
&  
GENERAL SHAREHOLDER  
INFORMATION**

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**AGM NOTICE**

## Report on Corporate Governance

### **Company's philosophy on Corporate Governance:**

Your Company's philosophy of Corporate Governance has evolved from its continued faith in fundamentals of fairness, accountability, disclosures and transparency. The Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in this competitive corporate world.

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 your 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.

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

The Company's policies and practices cover most of the elements of the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

### **Board of Directors:**

#### **Composition:**

As on 31<sup>st</sup> March, 2011, the Board of 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. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

As mentioned in the Annual Report for the year 2009-10, Mr. Hasit Dani, Non-Executive Director of the Company had resigned as a Director on 3<sup>rd</sup> June, 2010. The Board of Directors, at their meeting held on 27<sup>th</sup> July, 2010, appointed Mrs. Ina Dani as a Non-Executive Director with effect from 27<sup>th</sup> July, 2010.

The details of the Director being appointed and re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(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 31<sup>st</sup> March, 2011, seven (7) meetings of the Board of Directors were held on the following dates and the maximum time gap between two (2) meetings did not exceed four (4) months:

#### **Date(s) on which the meeting(s) were held.**

28 <sup>th</sup> May, 2010	24 <sup>th</sup> January, 2011
3 <sup>rd</sup> June, 2010	8 <sup>th</sup> March, 2011
27 <sup>th</sup> July, 2010	26 <sup>th</sup> March, 2011
27 <sup>th</sup> October, 2010	

The Board meets atleast once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business. The tentative schedule of the Board Meetings is decided in advance at the beginning of each financial year, by the Board.

All the Directors have informed the Company periodically about their Directorship and Membership on the Board Committees of other companies. As per disclosure received from Director(s), none of the Directors holds Membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees.

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

Name of the Director	Nature of Directorship	Relationship with each other	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	Brother of Mahendra Choksi	6	Yes	-	-	-
Ashwin Dani	Non-Executive Vice Chairman / Promoter	Father of Hasit Dani and Husband of Ina Dani	7	Yes	6	3	2
Abhay Vakil	Non-Executive Director/ Promoter	Brother of Amar Vakil	6	Yes	2	1	1
P.M. Murty	Managing Director & CEO	Not related to any of the Directors	7	Yes	-	-	-
Mahendra Choksi	Non-Executive/ Promoter	Brother of Ashwin Choksi	5	Yes	2	-	-
Amar Vakil	Non-Executive/ Promoter	Brother of Abhay Vakil	6	No	3	-	-
Hasit Dani #	Non-Executive/ Promoter	Son of Ashwin Dani and Ina Dani	1	NA	NA	NA	NA
Ina Dani @	Non-Executive/ Promoter	Wife of Ashwin Dani and Mother of Hasit Dani	4	NA	3	-	-
Tarjani Vakil	Non-Executive/ Independent	***	7	Yes	5	4	2
Dipankar Basu	Non-Executive/ Independent	***	7	No	7	2	2
Deepak Satwalekar	Non-Executive/ Independent	***	5	Yes	5	4	3
R. A. Shah	Non-Executive/ Independent	***	6	Yes	14	10	5
S. Sivaram	Non-Executive/ Independent	***	4	Yes	2	1	-
Mahendra Shah	Non-Executive/ Independent	***	5	Yes	3	-	-
S. Ramadorai	Non-Executive / Independent	***	4	Yes	12	9	4

## Notes:

- # Mr. Hasit Dani has resigned as a Director on 3<sup>rd</sup> June, 2010.
- @ Mrs. Ina Dani was appointed as an Additional Director by the Board of Directors of the Company with effect from 27<sup>th</sup> July, 2010.
- \* Excludes directorship in Asian Paints Limited. Also excludes directorship in Private Limited Companies, Foreign Companies and Alternate Directorships.
- \*\* 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.
- \*\*\* There is no relationship between any of the Independent Directors.

**Board Procedures:**

The Company Secretary prepares agenda and the explanatory notes, in consultation with the Chairman and Managing Director & CEO and circulates the same to the Board members before each meeting to facilitate effective discussion and decision making at the Board meetings. Presentations are made by the Managing Director & CEO and Business Heads on the Company's operations and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for perusal. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments/ divisions promptly.

The Board has unfettered and complete access to any information within the Company which includes 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 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:**

Currently, there are five (5) Committees of the Board, namely: Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee, Share Transfer Committee and Ad hoc Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

**AUDIT COMMITTEE:****Composition and terms of reference**

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 learned and experts, having adequate knowledge in the field of finance.

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

The details as to the date(s) on which the meetings were held and attendance of the Committee members during the financial year ended 31<sup>st</sup> March, 2011 are as follows:

<b>Date(s) on which the meeting(s) were held</b>		<b>Meeting details</b>	
		<b>Held</b>	<b>Attended</b>
27 <sup>th</sup> May, 2010	15 <sup>th</sup> December, 2010	7	7
26 <sup>th</sup> July, 2010	21 <sup>st</sup> January, 2011	7	6
2 <sup>nd</sup> September, 2010	23 <sup>rd</sup> March, 2011	7	6
25 <sup>th</sup> October, 2010			

<b>Name</b>		<b>Meeting details</b>
	<b>Held</b>	<b>Attended</b>
Tarjani Vakil (Chairperson)	7	7
Mahendra Shah	7	6
Dipankar Basu	7	6

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:
  - i. 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;
  - ii. 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;
  - iii. Compliance with listing and other legal requirements relating to financial statements;
  - iv. Disclosure of any related party transactions; and
  - v. 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. Discussion with the internal auditors on any significant findings and follow up thereon.
7. 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.
8. 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.
9. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.
10. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
11. Reviewing the appointment of the Chief Internal Auditor of the Company.
12. Reviewing the Company's financial and risk management policies.
13. Reviewing with the management and the Statutory Auditors anticipated changes in the Accounting Standards.
14. Reviewing the Management Discussion and Analysis of the financial condition and results of operations.
15. Reviewing the statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies; and
16. Any other matter referred to by the Board of Directors.

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

The Company has an internal audit team, headed by the Chief Internal Auditor, who reports to the Managing Director & CEO and the Audit Committee. From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc., are reviewed by the Internal Audit Department and presentations are made to the Audit Committee on the findings of such reviews. The Audit Committee, *inter alia*, reviews the adequacy of internal audit function and the internal audit reports including those related to internal control weaknesses.

#### **REMUNERATION COMMITTEE:**

##### **Composition and terms of reference:**

The Remuneration Committee comprises of three (3) Independent Directors, Mr. Dipankar Basu (Chairman), Ms. Tarjani Vakil and Mr. Deepak Satwalekar. 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 of the dates on which the meetings were held and the attendance of the Committee members during the financial year ended 31<sup>st</sup> March, 2011 are as follows:

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##### **Date(s) on which the meeting(s) were held**

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29<sup>th</sup> April, 2010

3<sup>rd</sup> June, 2010

18<sup>th</sup> January, 2011

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All the Committee members attended the above three (3) meetings.

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

#### **Remuneration Policy:**

The Company's remuneration policy aims to attract and retain talent and is in accordance with the industry practices. The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against earmarked objectives.

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and the performance of their functions / business units for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

The remuneration of the Directors is based on the Company's size, global presence, performance and market trends.

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

##### **Managing Director:**

The remuneration payable to the Managing Director & CEO is decided by the Remuneration Committee comprising of Independent Directors, in accordance with the terms and conditions as approved by the shareholders at the Annual General Meeting held on 26<sup>th</sup> June, 2009.

The Remuneration Committee decides the remuneration payable to Mr. P. M. Murty considering the performance of the Company, his contribution and industry standards. His remuneration structure comprises of salary, perquisites, commission, etc. Annual increments are decided by the Remuneration Committee within the limits mentioned in the contract and as approved by the shareholders. No severance fee is payable to him on termination of employment.

##### **Non-Executive Directors:**

The Non-Executive Directors add substantial value to the Board processes as well as provide strategic insight from time to time. They play a vital role in safeguarding the interests of the investors and other stakeholders of the Company. Their active involvement and engagement with the Company's business as well as independent views ensure the highest level of governance.

The Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company pays sitting fees of ₹ 15,000 per meeting to the Non-Executive Directors for attending the meetings of the Board and Committees (except Share Transfer Committee Meeting). The commission is paid as per limits approved by the shareholders, subject to a limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The commission to Non-Executive Directors is distributed broadly on the basis of their attendance and contribution at the Board and the Committee meetings; and Chairmanship of Committees.

The Company has not granted any Stock Options to any of its Directors.

Details about Remuneration paid to the Directors in 2010-11 are as follows:

(Figures in ₹)

Name of the Director	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	-	-	7,35,000	90,000	20,00,000	28,25,000
Ashwin Dani	-	-	7,35,000	1,05,000	14,00,000	22,40,000
Abhay Vakil	-	-	7,20,000	1,05,000	14,00,000	22,25,000
P. M. Murty	1,08,00,000	42,00,000	72,83,124	-	1,50,00,000	3,72,83,124
Mahendra Choksi	-	-	-	90,000	14,00,000	14,90,000
Amar Vakil	-	-	-	90,000	14,00,000	14,90,000
Hasit Dani #	-	-	-	15,000	NA	15,000
Ina Dani @	-	-	-	75,000	7,00,000	7,75,000
Tarjani Vakil	-	-	-	2,70,000	18,00,000	20,70,000
Dipankar Basu	-	-	-	2,55,000	16,00,000	18,55,000
Deepak Satwalekar	-	-	-	1,35,000	14,00,000	15,35,000
R. A. Shah	-	-	-	90,000	14,00,000	14,90,000
S. Sivaram	-	-	-	60,000	14,00,000	14,60,000
Mahendra Shah	-	-	-	2,10,000	16,00,000	18,10,000
S. Ramadorai	-	-	-	60,000	14,00,000	14,60,000

#### Notes:

- \* Perquisites for Mr. P. M. Murty include Company's contribution to provident fund, medical and leave travel allowance, special allowance etc., as well as monetary value of perquisites as per Income Tax rules in accordance with Mr. P. M. Murty's contract 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 medical reimbursement as per their contracts entered with the Company in their erstwhile capacity as Executive Directors which ended on 31<sup>st</sup> March, 2009.
- # Mr. Hasit Dani resigned as a Director on 3rd June, 2010. Accordingly, no commission is paid to Mr. Hasit Dani.
- @ Commission has been paid to Mrs. Ina Dani on a proportionate basis after her appointment as an Additional Director with effect from 27<sup>th</sup> July, 2010.

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

Schedule 'M' of the Notes to the Financial Statements furnishes the transactions with related parties, 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.

There is no pecuniary or business relationship 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, President – International Business Unit, son of Mr. Ashwin Dani, Vice Chairman and Mrs. Ina Dani, Additional Director had earned gross remuneration of ₹ 1,50,46,507 (Rupees One Crore Fifty Lacs Forty Six Thousand Five Hundred and Seven Only) during the financial year 2010-11.

Mr. Manish Choksi, Chief – Corporate Strategy & CIO, son of Mr. Mahendra Choksi, Director and nephew of Mr. Ashwin Choksi, Chairman, had drawn a gross remuneration of ₹ 1,57,39,862 (Rupees One Crore Fifty Seven Lacs Thirty Nine Thousand Eight Hundred and Sixty Two Only) during the financial year 2010-11.

Ms. Nehal Vakil, daughter of Mr. Abhay Vakil, Director, resigned from the position of Manager – Business Process Renovation w.e.f. 30<sup>th</sup> July, 2010 and had drawn a gross remuneration of ₹ 15,88,543 (Rupees Fifteen Lacs Eighty Eight Thousand Five Hundred and Forty Three Only) on proportionate basis during the financial year 2010-11. The above remuneration also includes payment of gratuity of ₹ 6,06,870 (Rupees Six lacs Six Thousand Eight Hundred and Seventy Only) as per her grade and eligibility.

Mr. Varun Vakil, Management Trainee – Marketing, son of Mr. Amar Vakil, Director and nephew of Mr. Abhay Vakil, Director was appointed with effect from 16<sup>th</sup> July, 2010 and had drawn a gross remuneration of ₹ 6,34,848 (Rupees Six Lacs Thirty Four Thousand Eight Hundred and Forty Eight Only), during the financial year 2010-11.

The appointment and the terms and conditions including remuneration of Mr. Jalaj Dani, Mr. Manish Choksi, Ms. Nehal Vakil and Mr. Varun Vakil have been approved by the shareholders and the Central Government / Ministry of Corporate Affairs.

Mr. Jigish Choksi son of Mr. Shailesh Choksi (brother of Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director) holds the position of Executive Trainee – Marketing with effect from 1<sup>st</sup> February, 2010 and had drawn a gross remuneration of ₹ 4,74,159 (Rupees Four Lacs Seventy Four Thousand One Hundred Fifty Nine Only), during the financial year 2010-11. The appointment of Mr. Jigish Choksi and the terms and conditions including remuneration was approved by the shareholders at the Annual General Meeting held on 16<sup>th</sup> July, 2010.

The Ministry of Corporate Affairs by a notification dated 6<sup>th</sup> April, 2011, issued Director's Relatives (Office or Place of Profit) Amendment Rules, 2011. The revised rules increased the remuneration payable to the employees holding office or place of profit in the Company in accordance with Section 314 of the Companies Act, 1956 and rules thereunder, to ₹ 2,50,000 per month from ₹ 50,000 per month.

#### **The shareholding of the Non-Executive/Independent Directors of the Company as on 31<sup>st</sup> March, 2011 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	2,19,618	0.23
Amar Vakil	Non-Executive/Promoter	14,09,641	1.47
Ina Dani	Non-Executive/Promoter	29,826	0.03
Tarjani Vakil	Non-Executive/Independent	Nil	Nil
Dipankar Basu	Non-Executive/Independent	Nil	Nil
Deepak Satwalekar	Non-Executive/Independent	Nil	Nil
R. A. Shah	Non-Executive/Independent	1,809	-
S. Sivaram	Non-Executive/Independent	Nil	Nil
Mahendra Shah	Non-Executive/Independent	Nil	Nil
S. Ramadorai	Non-Executive/Independent	Nil	Nil
<b>Total</b>		<b>39,17,118</b>	<b>4.08</b>

\* 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. P. M. Murty, Managing Director & CEO holds 2,877 equity shares of the Company as on 31<sup>st</sup> March, 2011.

#### **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 queries and complaints.

The Shareholders/Investors Grievance Committee was reconstituted after Mr. Hasit Dani ceased to be a Director of the Company, consequently a member of the Committee. Mrs. Ina Dani was inducted as a member of the Committee in place of Mr. Hasit Dani.

During the financial year 2010-2011, the Committee met twice on 25<sup>th</sup> October, 2010 and 23<sup>rd</sup> March, 2011.

The details as to the composition of the Shareholders/Investors Grievance Committee, date(s) on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31<sup>st</sup> March, 2011 are as follows:

Name	Meeting details	
	Held during the year	Attended
Mahendra Shah (Chairman)	2	2
Abhay Vakil	2	1
P M Murty	2	2
Mahendra Choksi	2	1
Ina Dani @	2	1

@ Mrs. Ina Dani was appointed as an Additional Director by the Board of Directors of the Company with effect from 27<sup>th</sup> July, 2010 and was inducted as a Member of Shareholders/Investors Grievance Committee at the Board Meeting held on 27<sup>th</sup> October, 2010.

The terms of reference of the Committee include the following:

1. To specifically look into queries and 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 responded and the status thereof during the financial year ended 31<sup>st</sup> March, 2011 are given as follows:

Nature of Complaints	Received and replied during the year
Non-receipt Share Certificate(s) lodged for transfer	5
Non-receipt of Dividend warrants	7
Non-receipt Share Certificate(s) lodged for with a request for splitting the share certificates/ for non-receipt of Bonus share certificates	4
Letters received from Stock Exchange(s)	1
Others/Miscellaneous	10
<b>Total</b>	<b>27</b>

All the aforesaid complaints were responded to by the Company/Registrar & Transfer Agent, Sharepro Services (India) Private Limited, appropriately and there were no pending complaints at the end of the financial year 2010-11.

All the queries and complaints received during the financial year ended 31<sup>st</sup> March, 2011, were duly addressed and no queries are pending for resolution 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.

#### SHARE TRANSFER COMMITTEE:

During the financial year 2010-11, the Share Transfer Committee comprised of three (3) Non-Executive Directors, Mr. Abhay Vakil (Chairman), Mr. Ashwin Choksi, Mr. Ashwin Dani 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 twenty seven (27) times during the financial year 2010-11.

#### **AD HOC COMMITTEE:**

During the year, the Board has constituted an Ad hoc Committee comprising of four (4) Independent Directors, Mr. Deepak Satwalekar (Chairman), Mr. Dipankar Basu, Ms. Tarjani Vakil and Mr. Mahendra Shah. The terms of reference of this Committee is to recommend to the Board a successor to Mr. P M Murty, Managing Director & CEO whose tenure will be ending on 31<sup>st</sup> March, 2012.

The Committee met once during the year on 26<sup>th</sup> March, 2011, and all the members were present at the meeting.

#### **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 for the FY 2010-11 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 10<sup>th</sup> May, 2011.

#### **General Body Meetings:**

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

<b>Year</b>	<b>Location</b>	<b>Meeting Date</b>	<b>Time</b>	<b>No. of special resolutions set out at the AGM</b>
2009-2010	Yashwantrao Chavan Pratisthan Auditorium Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021	16 <sup>th</sup> July, 2010	3.00 p.m	2
2008-2009	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020	26 <sup>th</sup> June, 2009	3.00 p.m	1
2007-2008	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020	24 <sup>th</sup> June, 2008	3.00 p.m	4

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.

#### **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. 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.

### **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 Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements:

#### **a) Remuneration Committee:**

The Board of Directors has 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.

#### **b) Shareholder's Rights:**

Half-yearly results of the Company are sent to all shareholders of the Company. The Company makes presentations to Institutional Investors and Equity Analysts on the Company's performance on a half yearly basis.

#### **c) 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.

#### **d) 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 and the Code of Conduct for Prevention of Insider Trading.

#### **e) 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.

#### **f) Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy with an objective to provide employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication. In accordance with the Policy, an Ethics 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 Ethics 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.

### **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:**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under Clause 49(I)(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 31<sup>st</sup> March, 2011. 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 revised 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 transactions, 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 positions 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](http://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.
- (d) Your Company provides necessary information to the Stock Exchanges in terms of the Listing Agreement and other rules and regulations issued by the Securities Exchange Board of India.

**GREEN INITIATIVE IN CORPORATE GOVERNANCE:**

Pursuant to Circular No. 17/2011 dated 21<sup>st</sup> April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Transfer Agent, Sharepro Services (India) Private Limited by sending a letter signed by the shareholders on addresses given below and intimate changes in the e-mail ids from time to time.

**ASIAN PAINTS LIMITED**

6A, Shantinagar, Santacruz (E), Mumbai - 400 055  
E-mail: [investor.relations@asianpaints.com](mailto:investor.relations@asianpaints.com)  
Tel. No.: 022-39818000 Fax No.: 022-39818888

**SHAREPRO SERVICES (INDIA) PVT. LTD.**  
Unit: Asian Paints Limited  
13 AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange  
Lane, Off. Andheri-Kurla Road,  
Sakinaka, Andheri (E), Mumbai - 400 072  
Tel. No.: 67720300/ 67720400/ 28511872  
Fax No.: 2859 1568  
E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**SHAREPRO SERVICES (INDIA) PVT. LTD.**  
Unit: Asian Paints Limited  
912, Raheja Centre, Free Press Journal Road,  
OR Nariman Point, Mumbai - 400 021.  
Tel. No.: 2288 1568/ 2288 1569/ 2282 5163/ 2288 4527  
Fax No.: 2282 5484  
E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

## General Shareholder Information

### Annual General Meeting:

Date	Friday, 24 <sup>th</sup> June, 2011
Venue	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020
Time	3.00 p.m.

### Financial calendar:

Financial year: 1st April to 31<sup>st</sup> March

For the year ended 31<sup>st</sup> March, 2011, results were announced on:

27 <sup>th</sup> July, 2010	First Quarter
27 <sup>th</sup> October, 2010	Second Quarter and Half Yearly
24 <sup>th</sup> January, 2011	Third Quarter and Nine Months
10 <sup>th</sup> May, 2011	Fourth Quarter and Annual

For the year ending 31<sup>st</sup> March, 2012, results will be announced as per the tentative schedule below:

On or around 26 <sup>th</sup> July, 2011	First Quarter
On or around 21 <sup>st</sup> October, 2011	Second Quarter and Half Yearly
On or around 21 <sup>st</sup> January, 2012	Third Quarter and Nine Months
On or around 10 <sup>th</sup> May, 2012	Fourth Quarter and Annual

### Book Closure:

The dates of book closure are from 11<sup>th</sup> June, 2011 to 24<sup>th</sup> June, 2011, inclusive of both days.

### Dividend:

An interim dividend of ₹ 8.50 (Rupees eight and paise fifty only) per equity share of ₹ 10 each was declared on 27<sup>th</sup> October, 2010 and paid on 4<sup>th</sup> November, 2010. A final dividend of ₹ 23.50 (Rupees twenty three and paise fifty only) per share has been recommended by the Board of Directors at its meetings held on 10<sup>th</sup> May, 2011 and subject to the approval from the shareholders at the ensuing Annual General Meeting, will be paid/ dispatched on 27<sup>th</sup> June, 2011 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 10<sup>th</sup> June, 2011.
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 10<sup>th</sup> June, 2011.

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

Year	Percentage (%)	In ₹ per share	Proportion to capital (₹ in crores)
2005-2006	125	12.5	119.9
2006-2007	130	13	124.7
2007-2008	170	17	163.1
2008-2009	175	17.5	167.9
2009-2010	270	27	258.9
2010-2011 (Interim)	85	8.5	81.5

### Listing:

The Company's shares are listed on:

- Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, 25<sup>th</sup> 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 2011-12 to the Stock Exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2011-12 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

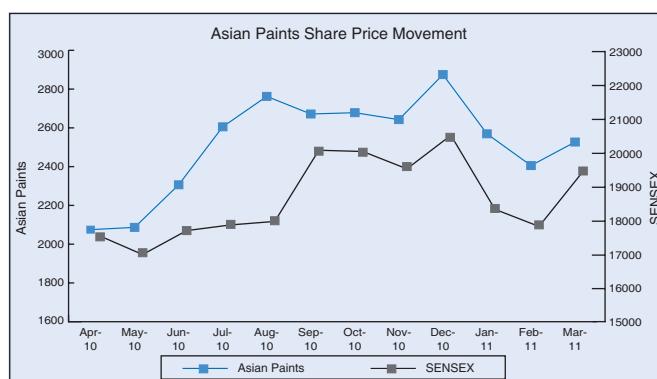
#### Stock Price Data:

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 31<sup>st</sup> March, 2011 are given as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
<b>2010</b>						
April	2,117.00	2,005.00	229,243	2118.00	2006.05	713,732
May	2,180.00	2,009.90	115,552	2213.00	2010.30	581,119
June	2,465.00	2,038.00	314,278	2468.80	2023.00	1,368,575
July	2,705.90	2,283.50	1,082,208	2704.00	2275.30	2,506,801
August	2,826.00	2,582.15	803,696	2827.30	2580.10	2,023,232
September	2,920.00	2,366.00	384,642	2914.90	2650.00	3,060,045
October	2,744.00	2,494.10	290,165	2955.00	2490.00	2,020,313
November	2,823.50	2,450.00	216,203	2822.00	2450.00	1,681,270
December	3,027.00	2,614.00	256,506	3027.30	2610.50	1,171,095
<b>2011</b>						
January	2,948.80	2,485.00	421,961	2937.40	2482.05	1,901,351
February	2,625.00	2,395.05	494,889	2625.05	2364.00	2,014,168
March	2,646.95	2,400.40	133,653	2643.00	2410.00	1,383,824

Note: High and low are in ₹ 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 2010-11 (based on month end closing).



The performance of the Company's share price during the financial year 2010-11 is as follows:

Name of the Stock Exchange	BSE	NSE
Price as on 1st April, 2010 (₹)	2,025.85	2,021.25
Price as on 31 <sup>st</sup> March, 2011 (₹)	2,526.95	2,525.80
Change in value (₹)	501.10	504.55
% Change	24.74	24.96

### 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 31<sup>st</sup> March, 2011 is as follows:

Category of Shareholders	No. of Shares	%
(A) Shareholding of Promoter and Promoter Group		
(a) Individuals/Hindu undivided family	9564802	9.97
(b) Bodies Corporate	39394424	41.07
(c) Trust	1241806	1.29
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>50201032</b>	<b>52.33</b>
(B) Public Shareholding		
1) Institutions		
(a) Mutual Funds/UTI	3019996	3.15
(b) Financial Institutions/Banks	40492	0.04
(c) Insurance Companies	8027124	8.37
(d) Foreign Institutional Investors	13856325	14.45
Sub-Total (B) (1)	24943937	26.01
2) Non-Institutions		
(a) Bodies Corporate	5989184	6.24
(b) Individuals		
I) Individual shareholders holding nominal share capital upto to ₹ 1 Lakh	12197102	12.72
II) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	945562	0.99
(c) Individual (Non-Resident Individual)	1642962	1.71
Sub-Total (B) (2)	20774810	21.66
<b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>	<b>45718747</b>	<b>47.67</b>
<b>Total (A) + (B)</b>	<b>95919779</b>	<b>100.00</b>

Distribution of shareholding of the Company by number of shares held as on 31<sup>st</sup> March, 2011 is as follows:

	Shareholders		Shareholding	
	Number	%	Number	%
Upto - 500	51800	87.38	4662410	4.86
501 - 1000	4644	7.83	3671763	3.83
1001 - 2000	1372	2.31	2023083	2.11
2001 - 3000	438	0.74	1103597	1.15
3001 - 4000	196	0.33	691236	0.72
4001 - 5000	169	0.29	765283	0.80
5001 - 10000	225	0.38	1633026	1.70
10001 & And above	436	0.74	81369381	84.83
<b>Total</b>	<b>59280</b>	<b>100.00</b>	<b>95919779</b>	<b>100.00</b>

**Details about Company's dematerialised shares:**

<b>Number of shares</b>	<b>% of total shares</b>	<b>Number of shareholders</b>	<b>% of total shareholders</b>
82368890	85.87	47111	79.47

Shareholders, who 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 31<sup>st</sup> March, 2011 is as follows:**

	<b>No. of Shares</b>	<b>% of shares</b>
Physical Segment	13550889	14.13
Demat Segment		
NSDL	80877944	84.32
CDSL	1490946	1.55
<b>Total</b>	<b>95919779</b>	<b>100.00</b>

**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 31<sup>st</sup> March, 2011.

**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 to National Electronic Clearing System (NECS) platform through core banking system effective 30<sup>th</sup> September, 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 ECS 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, 2<sup>nd</sup> 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. The ECS Mandate instruction should be under the signature of the shareholder(s) as per the specimen signature records lodged with the Company.

**Shareholders holding shares in electronic/dematerialised 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 their requests to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> 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 and 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 Investor Education and Protection Fund.

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

Financial Year	Type	Due Date for transfer to IEPF
2003-2004	Final	27.07.2011
2004-2005	Interim	26.11.2011
	Final	26.07.2012
2005-2006	Interim	25.11.2012
	Final	25.07.2013
	1st Interim	29.11.2013
2006-2007	2nd Interim	12.04.2014
	Final	25.07.2014
2007-2008	Interim	18.11.2014
	Final	23.07.2015
2008-2009	Interim	23.11.2015
	Final	25.07.2016
2009-2010	Interim	21.11.2016
	Final	15.08.2017
2010- 2011	Interim	26.11.2017

#### 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 e-mail Id. Such e-mail ID shall be registered in the records of the Company.
- Shareholders 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.

Securities and Exchange Board of India (SEBI), by its Circular No. MRD/DoP/Cir-05/2009 dated 20<sup>th</sup> May, 2009, and SEBI/MRD/DoP/SE/RTA/Cir-08/2010, dated 7<sup>th</sup> January, 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 and 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, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072

Tel. No.: 67720300/67720400/28511872 • Fax No.: 2859 1568 • E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.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

E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.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

E-mail: [investor.relations@asianpaints.com](mailto: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](http://www.asianpaints.com)

**E-mail ID for Investor's Grievances:**

The e-mail address for investor grievance is [investor.relations@asianpaints.com](mailto: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. 2602/2702, GIDC Industrial Area, Ankleshwar 393 002, Gujarat.

Plot Nos. 50-55, Industrial Development Area, Phase II, Patancheru - 502 319 Dist. Medak, Andhra Pradesh.

A-1, UPSIDC Industrial Area, Kasna - II, Kasna Village, Greater Noida, Dist. Gautambudh Nagar - 203 207, Uttar Pradesh.

SIPCOT Industrial Park, Plot No. E6-F13, Sriperumbudur - 602 105, Kancheepuram District, Tamil Nadu.

Rohtak Plant: Plot No. 1, IMT, Sector 30 B, PO Kherisadh Village, Rohtak - 124 027, Haryana.

Site of the Khandala Plant: Plot A1, MIDC, Khandala Industrial Area, Taluka Khandala, Satara - 412 802, Maharashtra.

**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:**

B-5 and 10, Sipcot Industrial Complex, Cuddalore - 607 005, Tamil Nadu.

## Annexure to Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2011

### 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 in respect of the financial year ended 31<sup>st</sup> March, 2011.

**P. M. Murty**

Managing Director & CEO

Mumbai,

10<sup>th</sup> May, 2011

### Certificate by the Joint Statutory Auditors as to the 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 31<sup>st</sup> March, 2011 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 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

**H. N. Shah**  
Partner  
Membership No. 08152  
  
Mumbai  
10<sup>th</sup> May, 2011

**For B S R & Associates**  
Chartered Accountants  
Firm Registration Number: 116231W

**Natrajh Ramakrishna**  
Partner  
Membership No. 32815

**Persons constituting group within the definition of "group" for the purpose of Reg. 3(1)(e)(i) of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997:**

1	Abhay A. Vakil	52	Lyon Investment & Industries Pvt. Ltd.
2	Amar A. Vakil	53	Mahendra C. Choksi
3	Ami Manish Choksi	54	Malav Ashwin Dani
4	Amrita Amar Vakil	55	Manish Mahendra Choksi
5	Anant Raghuvir Bhat	56	Margi Rupen Choksi
6	Anay Rupen Choksi	57	Meghna Satyen Gandhi
7	Arhaan Anant Bhat	58	Mitsu Malav Dani
8	Asha Subhash Gujarathi	59	Mudit Jalaj Dani
9	Ashay Ashish Choksi	60	Murahar Investments & Trading Co. Ltd.
10	Ashish Ashwin Choksi	61	Navbharat Packaging Industries Ltd.
11	Ashwin C. Choksi	62	Nehal Abhay Vakil
12	Ashwin Ramanlal Gandhi	63	Nehal Trading & Investments Pvt. Ltd.
13	Ashwin S. Dani	64	Nysha Rupen Choksi
14	Asteroids Trading & Investments Pvt. Ltd.	65	Omega Properties Pvt. Ltd.
15	Bankimchandra Himmatlal Dani	66	Padinharapattu Pandath Balakrishnan
16	Bhairavi Abhay Vakil	67	Prafullika Shailesh Choksi
17	Bhuman Saurabh Dani	68	Pragati Chemicals Ltd.
18	Binita Ashish Choksi	69	Rangudyan Insurance Broking Services Limited
19	Castle Investment & Industries Pvt. Ltd.	70	Rehaan Anant Bhat
20	Centauras Trading & Investments Pvt. Ltd.	71	Resins and Plastics Ltd.
21	Chandanben Chhotalal Shah	72	Rhea Manish Choksi
22	Clear Mipak Packaging Solutions Limited	73	Richa Manish Choksi
23	Coatings Specialities (India) Limited	74	Ricinash Oil Mill Ltd.
24	Dakshina Properties Private Limited	75	Rita Mahendra Choksi
25	Dani Finlease Limited	76	Rupal Anant Bhat
26	Dipika Amar Vakil	77	Rupen Ashwin Choksi
27	Doli Trading & Investment Pvt. Ltd.	78	Rupen Investment & Industries Pvt. Ltd.
28	Druhi Ashish Choksi	79	S C Dani Research Foundation Pvt. Ltd.
29	Elcid Investments Ltd.	80	Sadavani Investments & Trading Co. Pvt. Ltd.
30	ELF Trading & Chemicals Manufacturing Ltd.	81	Sapan Investments Pvt. Ltd.
31	Gargi Himanshu Dani	82	Satyadharma Investments & Trading Co. Pvt. Ltd.
32	Gayatri Subhash Gujarathi	83	Satyen A. Gandhi
33	Geetanjali Trading & Investments Pvt. Ltd.	84	Saurabh Bankimchandra Dani
34	Gujarat Organics Ltd.	85	Shailesh Chimanlal Choksi
35	Haish Holding and Trading Company Pvt. Ltd.	86	Shubhalakshmi Hasit Dani
36	Hasit A. Dani	87	Smiti Jalaj Dani
37	Himanshu Bankimchandra Dani	88	Sudhanva Investments & Trading Co. Pvt. Ltd.
38	Himanshu Holdings Pvt. Ltd.	89	Suprasad Investments & Trading Co. Pvt. Ltd.
39	Hiren A. Gandhi	90	Suptaswar Investments & Trading Co. Ltd.
40	Hiren Holdings Pvt. Ltd.	91	Suryakant Paints and Accessories Private Limited
41	Hitech Plast Limited	92	Tru Trading & Investments Pvt. Ltd.
42	Ina Ashwin Dani	93	Unnati Trading & Investments Pvt. Ltd.
43	Ishwara Hasit Dani	94	Urvashi Ashwin Choksi
44	Isis Holding and Trading Company Pvt. Ltd.	95	Vaibhavi Hiren Gandhi
45	Jalaj Ashwin Dani	96	Varun Amar Vakil
46	Jalaj Trading & Investment Co. Pvt. Ltd.	97	Veenaben Arvind Vakil
47	Jaldhar Investments & Trading Co. Pvt. Ltd.	98	Vijal Holding and Trading Company Pvt. Ltd.
48	Jigish Shailesh Choksi	99	Vikatmev Containers Limited
49	Kalica Paper Industries Pvt. Ltd.	100	Vishal Shailesh Choksi
50	Kanan Saurabh Dani	101	Vita Jalaj Dani
51	Lambodar Investments & Trading Co. Ltd.	102	Vivek Abhay Vakil

## Notice

**Notice** is hereby given that the **SIXTY-FIFTH ANNUAL GENERAL MEETING OF ASIAN PAINTS LIMITED** will be held at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020, on Friday the 24<sup>th</sup> of June, 2011 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 31<sup>st</sup> March, 2011 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 ₹ 8.50 per equity share, declared and paid during the financial year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Mr. Dipankar Basu, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Deepak Satwalekar, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Amar Vakil, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. R A Shah, who retires by rotation and, being eligible, offers himself for reappointment.
7. 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:

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

**"RESOLVED THAT** Mrs. Ina Dani who was appointed as an Additional Director by the Board of Directors of the Company on 27<sup>th</sup> July, 2010, 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."

### 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 11<sup>th</sup> June, 2011 to 24<sup>th</sup> June, 2011 (both days inclusive).
5. Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid/ dispatched on 27<sup>th</sup> June, 2011 to those members whose names appear on the Register of Members as on 10<sup>th</sup> June, 2011. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 10<sup>th</sup> June, 2011, 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 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 - 400 072 at the earliest but not later than 10<sup>th</sup> June, 2011.
  - 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 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.
  11. In terms of Sections 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is
  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:

<b>Name of the Director</b>	: Mr. Dipankar Basu
<b>Profile</b>	: Mr. Dipankar Basu holds a Masters Degree in Economics from Delhi University. He retired as Chairman of State Bank of India (SBI) in August 1995. He concurrently chaired the Boards of the commercial Banking subsidiaries of SBI (seven in India and one each in UK, Canada & USA) and three non banking subsidiaries. He spent his entire professional career with SBI. He spearheaded its foray into investment banking and was responsible for setting up SBI Capital Markets and SBI Mutual Fund. While serving as Chairman, SBI, Mr. Basu served on the Boards of several apex financial institutions of India (e.g. IDBI, Export Import Bank of India, GIC of India Ltd., NABARD, etc.) as also on the Governing Boards of national level Banking Association and Institutes. After retirement Mr. Basu served as a member of the Disinvestment Commission set up by the Government of India from 1996 to 1999. During 1997, he was a member of Narasimham Committee on Banking Sector Reforms. Mr. Basu currently serves on the Boards of a number of Companies in India.
<b>Date of joining the Board</b>	: 15 <sup>th</sup> April, 2000
<b>Directorships and Committee Memberships in other Companies</b>	<ul style="list-style-type: none"> <li>: • Securities Trading Corp. of India Ltd. Chairman – Audit Committee</li> <li>• Deepak Fertilizers &amp; Petrochemicals Corporation Ltd. Chairman – Shareholders' Grievance Committee</li> <li>• STCI Primary Dealer Ltd.</li> <li>• Peerless General Finance &amp; Investment Co. Ltd.</li> <li>• Peerless Securities Ltd.</li> <li>• Chambal Fertilizers &amp; Chemicals Ltd.</li> <li>• Saregama India Ltd.</li> </ul>
<b>No. of shares held in the Company</b>	: Nil

(ii)

Name of the Director	: Mr. Deepak Satwalekar
Profile	: Mr. Deepak Satwalekar holds a degree in Technology from the Indian Institute of Technology (IIT), Bombay and an MBA from The American University, Washington D.C. He has been a consultant to the World Bank, the Asian Development Bank, United States Agency for International Development (USAID) and the United Nations Centre for Human Settlement (HABITAT). He was involved in policy work as a member of the Steering Committee on Urban Infrastructure and Housing for the Ninth Five Year Plan of the Government of India and Chairman of the Working group on avoidance of conflict of interest in the financial services sector set up by the Reserve Bank of India. Mr. Deepak Satwalekar was holding the position of Managing Director & CEO of HDFC Standard Life Insurance Co. Ltd., before his retirement in November 2008. Earlier, he served as the Managing Director of Housing Development Finance Corporation (HDFC) from 1993 to 2000.
Date of joining the Board	: 30 <sup>th</sup> May, 2000
Directorships and Committee Memberships in other Companies	: <ul style="list-style-type: none"> <li>• Infosys Technologies Ltd. Chairman – Audit Committee.</li> <li>Chairman – Investor Grievance Committee.</li> <li>• Piramal Healthcare Ltd. Chairman – Investor Grievance Committee</li> <li>• Tata Power Company Ltd. Member – Audit Committee.</li> <li>• IL &amp; FS Transportation Networks Ltd.</li> <li>• National Stock Exchange of India Ltd.</li> </ul>
No. of shares held in the Company	: NIL
Name of the Director	: Mr. Amar Vakil
Profile	: Mr. Amar Vakil holds a degree in B.S. from Rensselaer Polytechnic, U.S.A. Immediately after his graduation, he joined Resins and Plastics Limited in 1974 and worked in various positions till he retired as Managing Director. Mr. Amar Vakil was also closely associated with various trade bodies. He was the Hon. Secretary of the Colour Society for two years and was one of the founder members of Indian Resin Manufacturers Association. He was also interested in the activities of Indian Paint Association, Indian Small Scale Paint Association and Indian Foundrymen.
Date of joining the Board	: 1 <sup>st</sup> October, 1995
Directorships and Committee Memberships in other Companies	: <ul style="list-style-type: none"> <li>• Elcid Investments Ltd.</li> <li>• Resins and Plastics Ltd.</li> <li>• Pragati Chemicals Ltd.</li> </ul>
No. of shares held in the Company	: 14,09,641
Name of the Director	: Mr. R. A. Shah
Profile	: Mr. R. A. Shah is a Solicitor and Senior Partner of M/s. Crawford Bayley & Co. He specializes in a broad spectrum of Corporate Laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and Licence Agreements, Intellectual Property Rights, Mergers and Acquisitions, Corporate Laws, Competition Law and Insider Trading Regulations. Mr. Shah is the Chairman and holds Directorship in well known Companies. Mr. Shah is a member of the Managing Committee of Bombay Chamber of Commerce and Indo German Chamber of Commerce and is a member of the Governing Council of ASSOCHAM.

Date of joining the Board	:	7 <sup>th</sup> April, 2001
Directorships and Committee Memberships in other Companies	:	<ul style="list-style-type: none"> <li>• Piramal Health Care Ltd. Chairman – Audit Committee</li> <li>• Colgate Palmolive Ltd. Chairman – Audit Committee</li> <li>• Pfizer Ltd. Chairman – Audit Committee</li> <li>• Procter &amp; Gamble Hygiene &amp; Healthcare Ltd. Chairman - Audit Committee</li> <li>• Clariant Chemicals Ltd. Chairman – Audit Committee</li> <li>• The Bombay Dyeing &amp; Mfg. Co. Ltd. Member – Audit Committee</li> <li>• Abbott India Ltd. Member – Audit Committee</li> <li>• BASF India Ltd. Member – Audit Committee</li> <li>• Century Enka Ltd. Member – Audit Committee</li> <li>• Wockhardt Ltd. Member – Audit Committee</li> <li>• Godfrey Phillips India Ltd.</li> <li>• ACC Ltd.</li> <li>• Deepak Fertilizers &amp; Petrochemicals Corporation Ltd.</li> <li>• Lupin Ltd.</li> </ul>
No. of shares held in the Company	:	1,809
Name of the Director	:	Mrs. Ina Dani
Profile	:	Mrs. Ina Dani is a graduate in fine Arts from M.S. University, Baroda. She is also connected with various social activities. She is a Trustee of Light on Yoga Research Trust founded by Yogacharya BKS Iyengar. She was earlier on the Board of the Company between 31 <sup>st</sup> March, 1999 and 23 <sup>rd</sup> July, 2001.
Date of joining the Board	:	27 <sup>th</sup> July, 2010
Directorships and Committee Memberships in other Companies	:	<ul style="list-style-type: none"> <li>• Coatings Specialties (India) Ltd.</li> <li>• Dani Finlease Ltd.</li> <li>• Hitech Plast Ltd.</li> </ul>
No. of shares held in the Company	:	29,826

\* Directorships and Committee membership in Asian Paints Limited and its Committees are 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 limited companies have been included in the aforesaid table.

The Board of Directors recommend re-appointment of Mr. Dipankar Basu, Mr. Deepak Satwalekar, Mr. Amar Vakil and Mr. R A Shah, as Directors of the Company. Except, Mr. Dipankar Basu, 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. Deepak Satwalekar, 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. Amar Vakil and Mr. Abhay Vakil, no other Director of the Company is concerned or interested in Mr. Amar Vakil's re-appointment as a Director. Except, Mr. R A Shah, none of the Directors of the Company may be deemed to be concerned or interested in his re-appointment as Director of the Company.

The Board of Directors also recommend appointment of Mrs. Ina Dani, as a Director of the Company. Except,

Mrs. Ina Dani and Mr. Ashwin Dani, none of the other Directors of the Company may be deemed to be concerned or interested in her appointment.

**For Asian Paints Limited**

**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

**Registered Office:**  
6A, Shantinagar  
Santacruz (East)  
Mumbai - 400 055  
10<sup>th</sup> May, 2011

## Annexure to Notice

### EXPLANATORY STATEMENT

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

#### Item No. 8:

The Board of Directors at their meeting held on 27<sup>th</sup> July, 2010, appointed Mrs. Ina Dani as an Additional Director with effect from 27<sup>th</sup> July, 2010, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Mrs. Ina Dani is a Graduate in Fine Arts from M.S. University, Baroda. She is also connected with various social activities. She was earlier on the Board of the Company between 31<sup>st</sup> March, 1999 and 23<sup>rd</sup> July, 2001. Mrs. Ina Dani 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 Mrs. Ina Dani as the Director of the Company, along with the required deposit amount. Her appointment as the Director of the Company will be beneficial to the Company and to its shareholders.

The Board of Directors propose the appointment of Mrs. Ina Dani as the Director and recommends the resolution as set out in Item no. 8 for the approval of the shareholders at the ensuing Annual General Meeting.

Excepting Mrs. Ina Dani and Mr. Ashwin Dani, no other Directors of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 8 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  
10th May, 2011

## Notes



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 **65th ANNUAL GENERAL MEETING** of the Company at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020 on Friday, 24<sup>th</sup> June, 2011 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 Member/Proxyholder

Signature of the Member/Proxy



Asian Paints Limited

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

**PROXY FORM**

DP ID: \_\_\_\_\_ Folio No./Client ID: \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_  
being, a Member/Members of ASIAN PAINTS LIMITED hereby  
appoint \_\_\_\_\_ in the district of \_\_\_\_\_  
(or failing him/her) \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our Proxy to attend and vote for me/us on my/our behalf at the  
**65th Annual General Meeting** of the Company to be held on Friday, 24<sup>th</sup> June, 2011 at 3.00 p.m. and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature \_\_\_\_\_

Affix  
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.





The Hon'ble Prime Minister of India, Dr. Manmohan Singh presenting the Business Standard CEO of the Year Award for the year 2009-10 to Mr. P M Murty, Managing Director & CEO, in March 2011.



Ms. Tarjani Vakil, Chairperson of the Audit Committee receiving Best Audit Committee - 2010 Award at the Asian Centre for Corporate Governance & Sustainability in Mumbai in February 2011.

Also seen in the picture are Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary (extreme left), Mr. Dipankar Basu, Member of the Audit Committee (second from left), Mr. Mahendra Shah, Member of the Audit Committee (third from left) and Mr. P M Murty, Managing Director & CEO (extreme right).



**asianpaints**

Asian Paints Limited, 6A, Shantinagar, Santacruz (East), Mumbai 400 055.  
[www.asianpaints.com](http://www.asianpaints.com)