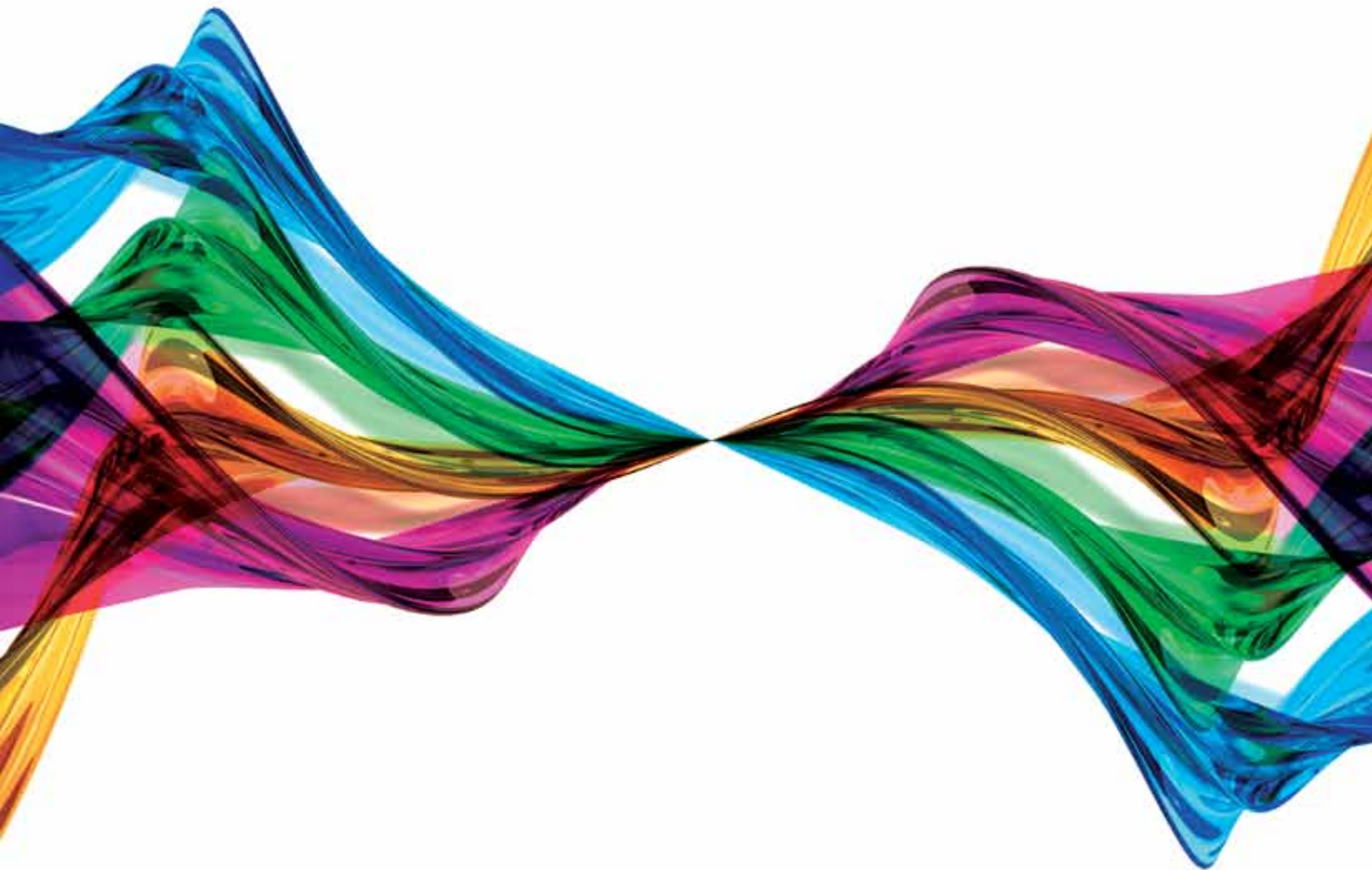


asianpaints







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# directors



ASHWIN CHOKSI



ASHWIN DANI



ABHAY VAKIL



K.B.S. ANAND



MAHENDRA CHOKSI



AMAR VAKIL



Mrs. INA DANI



Ms. TARJANI VAKIL



DIPANKAR BASU



MAHENDRA SHAH



DEEPAK SATWALEKAR



R.A. SHAH



DR. S. SIVARAM



S. RAMADORAI

### **Board of Directors**

ASHWIN CHOKSI  
Chairman

ASHWIN DANI  
Vice Chairman

ABHAY VAKIL

P.M. MURTY  
Managing Director & CEO  
(upto 31<sup>st</sup> March, 2012)

K.B.S. ANAND  
Managing Director & CEO  
(w.e.f. 1<sup>st</sup> April, 2012)

MAHENDRA CHOKSI  
AMAR VAKIL  
Mrs. INA DANI  
Ms. TARJANI VAKIL  
DIPANKAR BASU  
MAHENDRA SHAH  
DEEPAK SATWALEKAR  
R.A. SHAH  
DR. S. SIVARAM  
S. RAMADORAI

### **Chief Financial Officer & 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  
(upto 31<sup>st</sup> March, 2012)

K.B.S. ANAND  
(w.e.f. 1<sup>st</sup> April, 2012)  
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

### **Auditors**

SHAH & CO.  
Chartered Accountants

B S R & ASSOCIATES  
Chartered Accountants

# chairman's letter

**Dear Shareholders,**

It is a delight to address you on completion of another eventful and successful year. Over the last few years, volatility and uncertainty have become the “new normal” and the FY 2011-12 has proved to be no different. The concerns in Euro zone and Middle East remain unresolved and the US economy is still not out of the woods. Despite the global volatile environment, consolidated sales of your Company grew by 24.7% and profits registered a growth of 17.3% mainly on the back of buoyant domestic demand. This performance is all the more commendable considering that inflation surged to near double digit levels and GDP came down to 6.9% in India during the year. This could be achieved because of the sustained direction and working as a team at all levels.

Our decorative business in India continued its strong performance with good demand conditions witnessed across regions. Over the years, your Company has continuously invested in expanding its distribution reach and product range and today we have the ability to provide the most diverse and rich product mix to our customers across the country.

Factors like sticky inflation, interest rates and political un-certainties have been a concern for the country during the year. Matters have been further aggravated due to elevated crude prices, weakening rupee and a logjam in policy making, affecting India Inc.'s capex cycle. Thus, although the growth rates were good, sustaining margins was a challenge because of spiraling inflation across key commodities and chemicals like titanium dioxide, monomers, etc. Prices across our product range had to be increased in view of the inflationary pressures. However, despite the price hikes, it was encouraging to witness a fairly robust demand environment.

Your Company has always focused on building strengths for the future and continued to invest in building capabilities. Major thrust areas were identified during FY 2011-12 to secure growth, ensure customer satisfaction and enhance supply chain capabilities for future, using the latest technologies. We will continue to invest our resources in taking these initiatives forward.

Capacity building for the future is well on track. Rohtak plant, which was commissioned in April 2010 with an initial capacity of 150,000 KL per annum, has now been expanded to 200,000 KL per annum. The



seventh decorative paint plant coming up at Khandala in Maharashtra, is well on schedule and we expect to commission it by the fourth quarter of FY 2012-13 with an initial capacity of 300,000 KL per annum. Investments were also made to modernize the field operations by opening new depots and automating the operations at the field locations.

The industrial coatings business of your Company faced a challenging year due to the combined impact of demand slowdown and cost pressures. Your Company's joint venture Asian PPG Industries Ltd. (APPG), which caters to the automotive sector, was hit by deceleration of growth in the automotive industry, as a result of which price increases could not be secured, impacting its

margins. The industrial coatings business might have to face these challenges in the current year as well.

During the previous year, your Company had announced its plan to enhance the long standing relationship with PPG Industries Inc., USA by forming a new 50:50 joint venture for servicing the protective, powder coatings and light industrial coatings market. This new joint venture will start operations once all necessary approvals and clearances are obtained. It will leverage PPG's technology and global customer relationships while continuing to build on your Company's customer base, manufacturing footprint, distribution channels and local relationships.

It was a challenging year for the International Business. Your Company operates in multiple geographies and each of this geography has a challenging business environment. While, good growth was seen in the Asian markets owing to strong domestic demand, the situation continues to be challenging in most of the other geographies. Caribbean is still reeling under slowdown while the Middle East region continues to be affected by political upheavals. While these challenges have hampered growth and margins were under pressure due to inflationary environment, your Company has done well to maintain profitability of the international operations.

Despite all the macro pressures, the domestic consumer spending has remained fairly strong. Rural India has continued to grow on back of the trickle down effect of social sector spending and appreciation and liquidation of latent assets (land, gold etc). These coupled with buoyant agricultural production and increase in minimum support prices have kept the rural consumption strong. Going forward, rural India is expected to continue to provide the much needed support to growth. As the country goes to polls in 2014, with multiple state elections before that, policy makers are expected to support populist schemes and provide liquidity in the hands of voters. With inflation showing signs of easing and growth rates under pressure, RBI has signaled a movement towards soft policy by cutting Cash Reserve Ratio and interest rates. These developments point towards an optimistic outlook on domestic consumer demand in the medium term.

While consumer demand is expected to remain strong, business environment will be volatile and uncertain due to the global and domestic challenges discussed earlier. However, I am confident that your Company will prove its mettle in such a dynamic business environment as we have done in the past.

We have always anticipated changes and adapted ourselves to the environment without compromising on

our core values. Your Company has always believed and practiced high standards of professionalism, integrity and transparency and would continue to do so. It is these values which have shaped the character of your organization and helped in building wealth for all stakeholders.

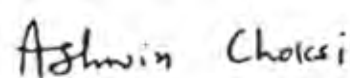
Your Company believes in growth with a human face and continues to remain committed towards various initiatives in the areas of Health Care, Environment and Education under our Corporate Social Responsibility (CSR) program.

For the first time, the founding families of your Company decided to place your Company in the hands of a professional manager by appointing Shri P M Murty its Managing Director & CEO in 2009. I am happy to state that your Company has done really well under his leadership in these last three years as we continued on our journey to deliver growth and create long term value for the shareholders. The Consolidated Net Revenue from Operations have grown from ₹ 5463 crores in FY 2008-09 to ₹ 9632 crores in FY 2011-12 while the profits have grown from ₹ 398 crores to ₹ 989 crores. This demonstrates that family promoters and professionals working together can achieve good results for the shareholders. I take this opportunity to thank Shri P M Murty for his contribution to your Company over the last four decades. We wish him all the best for future and welcome our new Managing Director & CEO Shri K B S Anand. I am confident that your Company will scale new heights under his able leadership.

We have always benchmarked our internal controls and corporate governance practices with the best in the world. As we have continued to grow and develop our businesses, the corporate governance structure of your Company has only got stronger. This has led to a continued support for your Company from all stakeholders including our shareholders, business partners, customers and employees. Going ahead I am confident of this continued support, which I strongly believe to be behind the enviable position that we have achieved over the years.

Warm regards,

Yours sincerely,



**Ashwin Choksi**



# highlights



## Standalone

---

### Net Revenue from Operations

Increased by 25.7% to ₹ 7964.2 crores

### EBITDA

Increased by 21.2% to ₹ 1493.2 crores

### Capacity Expansion

Expansion of Rohtak plant in Haryana by 50,000 KL per annum to 2,00,000 KL per annum

### Dividend

The Board of Directors have recommended a final dividend of ₹ 30.5 per share  
(Total Dividend for the Year will be ₹ 40 per share)

## Group

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### Net Revenue from Operations

Increased by 24.7% to ₹ 9632.2 crores

### EBITDA

Increased by 15.8% to ₹ 1616.2 crores

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**Consolidated Gross Revenue crosses ₹ 10,000 crores**



# ten year review (standalone)

(₹ in Crores except per share data, number of employees, number of shareholders and ratios)

RESULTS FOR THE FINANCIAL YEAR	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
<b>REVENUE ACCOUNT</b>										
Gross Revenue	9,064.3	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
Net Revenue from Operations <sup>^</sup>	7,964.2	6,336.1	5,134.1	4,278.7	3,426.5	2,827.0	2,324.3	1,958.8	1,698.8	1,537.3
Growth Rates (%)	25.7	23.4	20.0	24.9	21.2	21.6	18.7	15.3	10.5	12.1
Materials Cost	4,728.1	3,646.9	2,840.2	2,606.9	1,956.1	1,660.7	1,351.7	1,128.4	943.6	807.1
% to Net Revenue	59.4	57.6	55.3	60.9	57.1	58.7	58.2	57.6	55.5	52.5
Overheads	1,884.3	1,532.0	1,275.0	1,103.8	908.0	736.7	616.5	532.7	482.8	460.1
% to Net Revenue	23.7	24.2	24.8	25.8	26.5	26.1	26.5	27.2	28.4	29.9
Operating Profit (EBITDA)	1,493.2	1,232.2	1,153.7	619.4	615.2	464.3	386.8	325.1	291.4	280.4
Finance Costs	30.8	15.4	13.8	10.4	8.3	6.9	3.8	2.8	5.3	8.4
Depreciation	99.5	94.5	60.7	57.2	43.8	45.4	45.5	47.6	48.0	48.5
Profit Before Tax and Exceptional item	1,362.9	1,122.3	1,079.2	551.8	563.2	412.0	337.5	274.7	238.1	223.5
% to Net Revenue	17.1	17.7	21.0	12.9	16.4	14.6	14.5	14.0	14.0	14.5
Growth Rates (%)	21.4	4.0	95.6	(2.0)	36.7	22.1	22.9	15.4	6.6	23.9
Exceptional item	-	-	25.5	(5.9)	-	-	(33.6)	(4.2)	(6.8)	-
Profit Before Tax and after Exceptional item	1,362.9	1,122.3	1,104.7	545.9	563.2	412.0	303.9	270.5	231.3	223.5
% to Net Revenue	17.1	17.7	21.5	12.8	16.4	14.6	13.1	13.8	13.6	14.5
Profit After Tax	958.4	775.2	774.5	362.4	375.2	272.0	186.8	173.5	147.8	142.0
Return on average capital employed (ROCE) (%)	59.3	62.1	78.2	51.3	60.5	52.9	49.7	44.0	41.2	42.1
Return on average net worth (RONW) (%)	42.9	43.9	58.4	35.8	44.9	39.8	31.3	31.4	29.3	32.0
<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	2,391.9	1,879.4	1,461.3	998.6	832.6	648.2	526.4	476.3	435.6	412.4
Deferred Tax Liability (Net)	80.8	75.5	47.9	47.9	31.5	22.1	28.5	30.5	48.7	58.2
Borrowings	168.2	65.7	68.6	74.5	94.7	125.7	91.1	88.2	70.5	103.6
Fixed Assets	1,611.9	1,096.9	1,088.2	711.8	539.2	346.5	324.7	319.5	344.4	366.2
Investments@	913.8	1,034.8	703.7	234.8	422.9	334.4	274.6	258.4	242.5	147.7
Debt-Equity Ratio	0.07:1	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
Market Capitalisation as at 31 <sup>st</sup> March	31,056	24,238	19,593	7,539	11,510	7,336	6,178	3,751	2,914	2,119
<b>PER SHARE DATA</b>										
Earnings Per Share (₹)	99.9	80.8	*80.7	*37.8	39.1	28.4	*19.5	*18.1	*15.4	#14.8
Dividend (%)	400.0	320.0	270.0	175.0	170.0	130.0	125.0	95.0	**85.0	110.0
Book Value (₹)	259.4	205.9	162.3	114.1	96.8	77.6	64.9	59.7	**55.4	74.3
<b>OTHER INFORMATION</b>										
Number of Employees	4,937	4,640	4,382	4,260	3,924	3,868	3,681	3,550	3,356	3,327
Number of Shareholders	60,537	59,280	48,290	49,074	47,573	49,032	48,820	49,739	53,797	51,457

\* 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 in accordance with Accounting Standard (AS 20) - Earnings Per Share

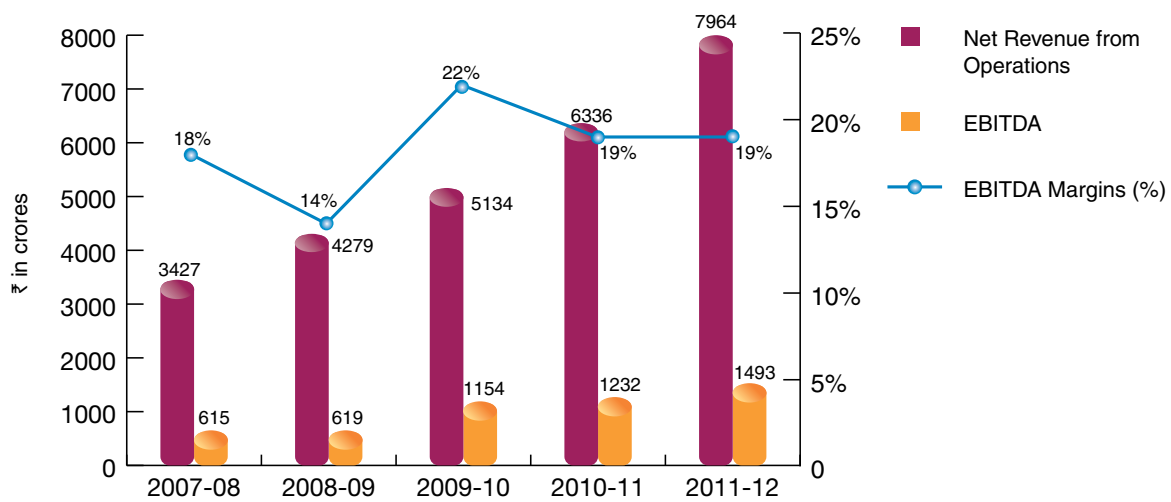
\*\* On increased Capital.

@ Includes Investments in Liquid Mutual Funds which is part of cash and cash equivalents.

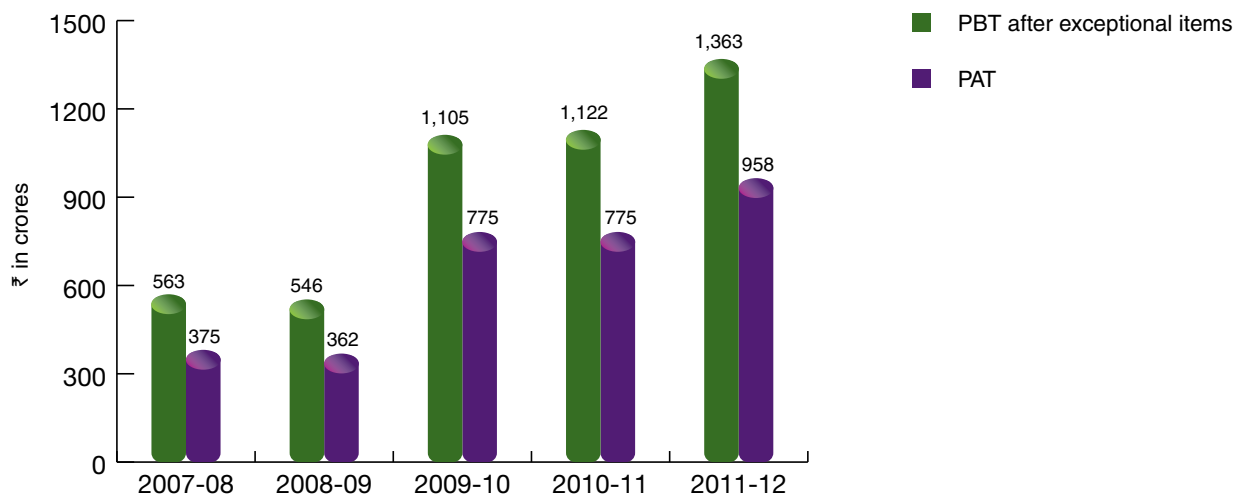
^ Figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956.

# performance highlights - standalone

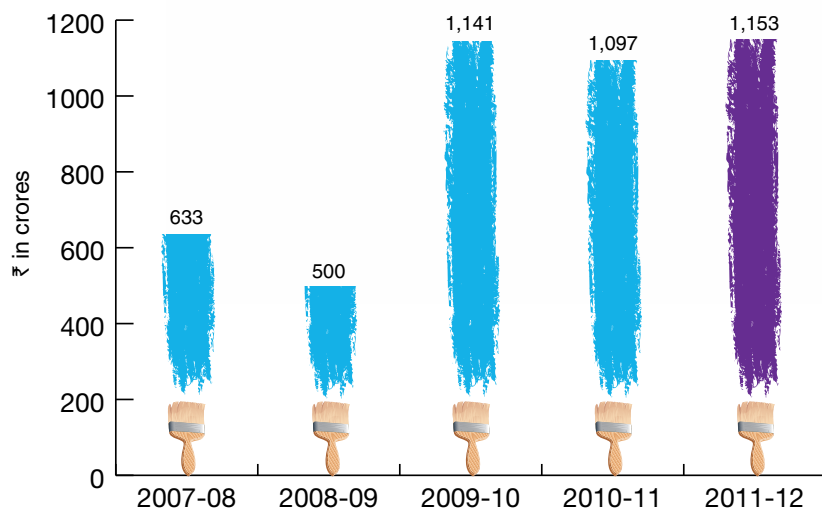
**Net Revenue from Operations, EBITDA & EBITDA Margins (%)**



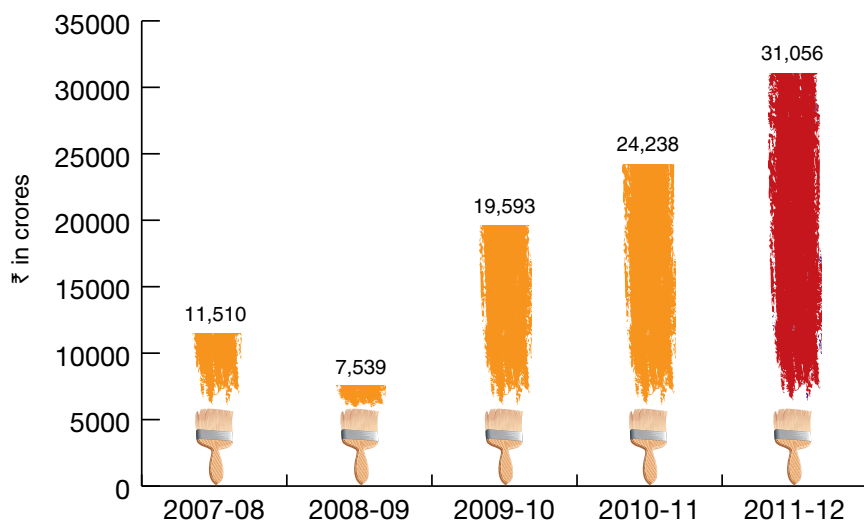
**Profit Before Tax & Profit After Tax**



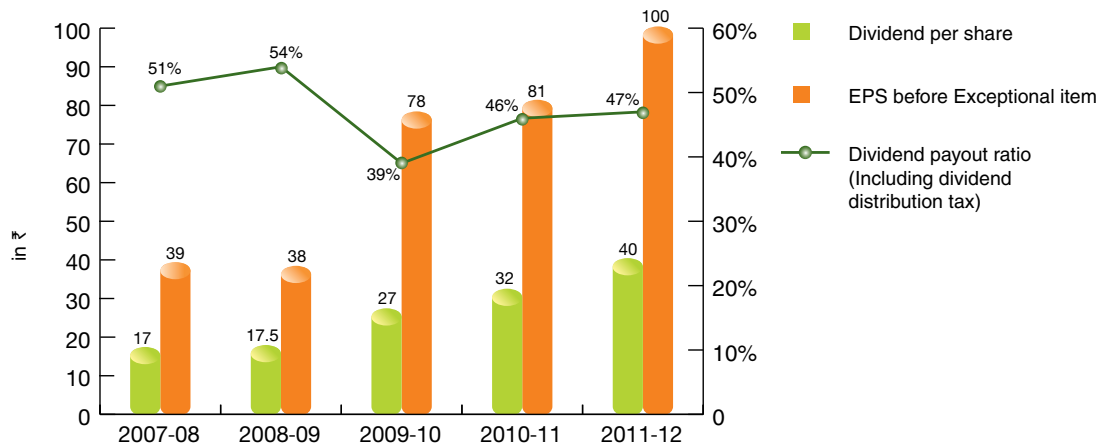
### Net Cash Generated from Operations



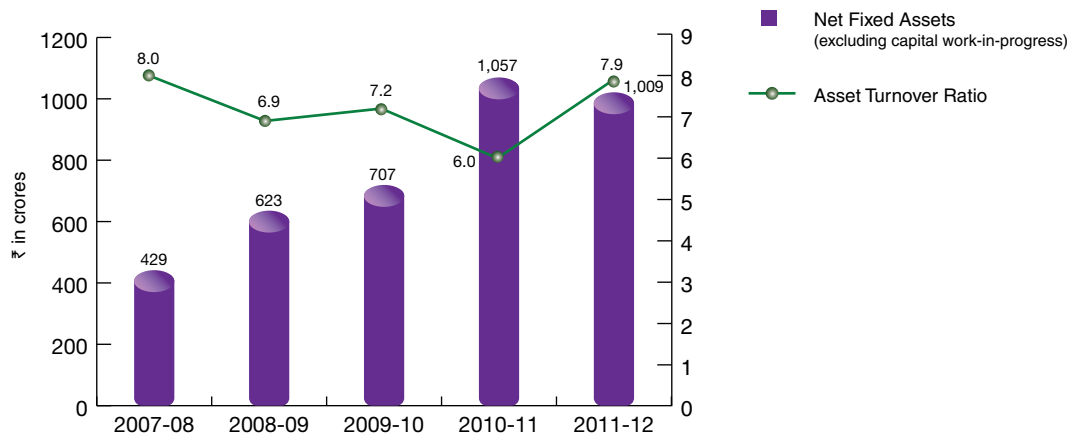
### Market Capitalisation



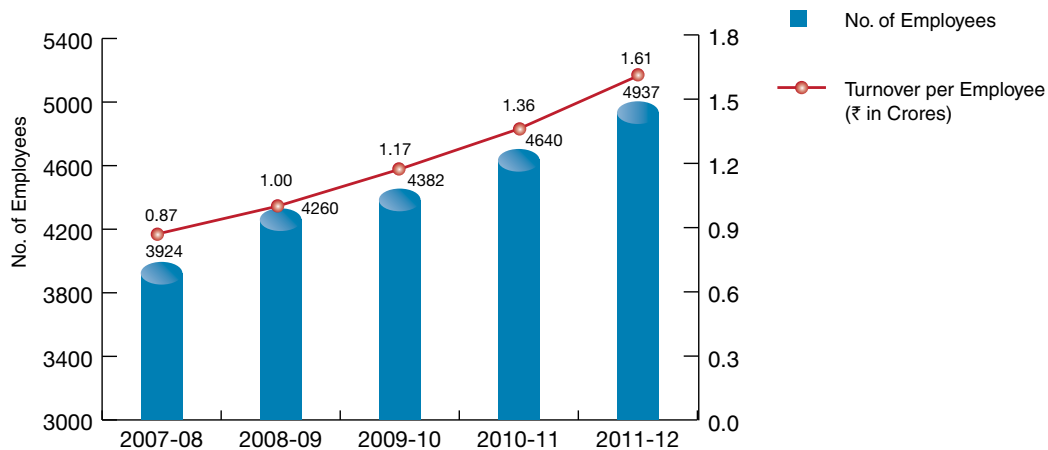
### Dividend per share, Earnings per share and Dividend pay-out ratio



### Net Fixed Assets and Asset Turnover Ratio

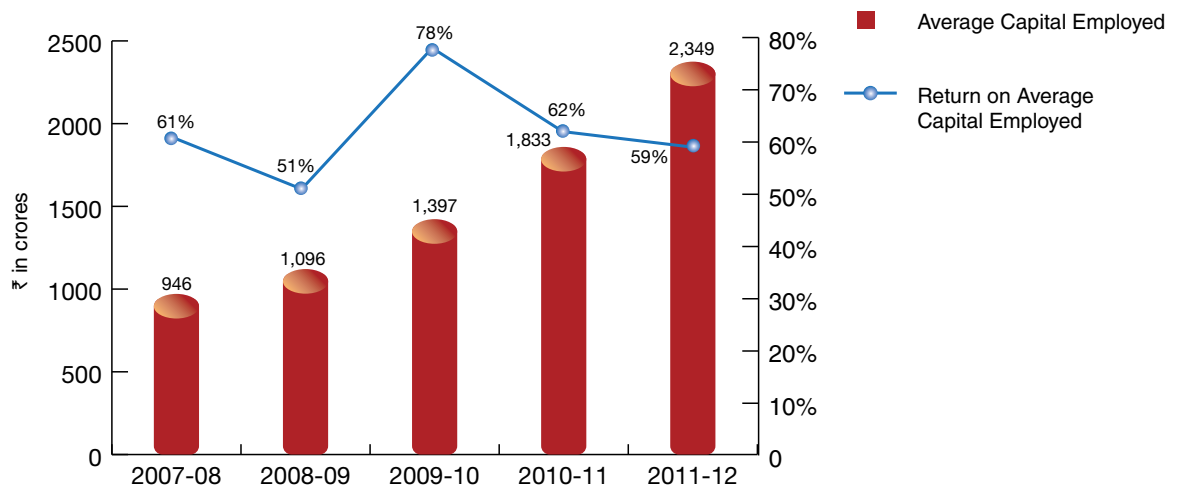


### Employees at the year end and Turnover per Employee

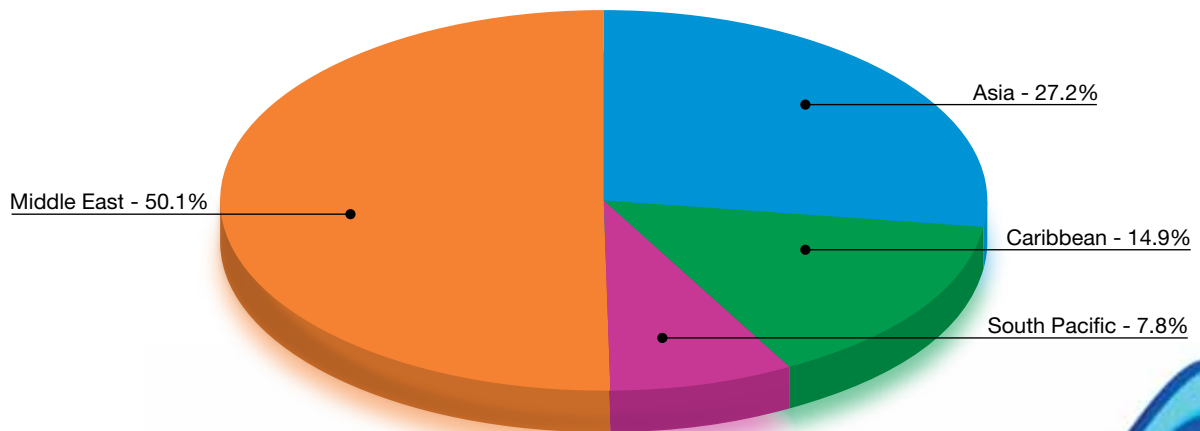




### Average Capital Employed and Return on Average Capital Employed



### Percentage of Paint Sales contribution of each region to overall international operations for FY 2011-12



# key indian product portfolio



exteriors



enamels



wood finishes



interiors

# key international product portfolio

berger



middle east

scib (Egypt)



berger



caribbean

apco



Taubmans



south pacific



# management discussion and analysis

The year began with several challenges both on the domestic and international fronts. The upheaval in Middle East, sovereign debt crisis in the European countries and weak recovery hopes for other developed economies threatened to derail the global economic environment at the beginning of the year. Additionally, India had its own set of challenges viz., inflation, interest rates and regulatory uncertainties. Amidst all these, however, there was a sense of optimism and hope that the environment would recover sooner than later and it was expected that the Indian economy would grow at around 8.5% on the back of strong domestic demand and a thrust on Infrastructure development.

Reality, however, turned out to be otherwise. The macro business environment during the year was characterized by uncertainty and volatility. The set of challenges which we began with either intensified or are still to be addressed. The sovereign debt crisis in Europe remains unresolved, USA saw a downgrade for the first time in the recent history and Middle East continues to face socio-political tensions. Expectedly, crude oil prices have remained firm during the year leading to commodity inflation across the board. The world has been trying to solve these problems or at least avoid any further aggravation, for quite some time now.

The ground realities in India have not met the expectations either. The country is expected to have grown at 6.9% during the year against a growth of 8.4% registered in previous year. This in itself is an indication of the pressures being faced on the domestic front. Although disappointing, the fact that the country was battling near double digit inflation (mainly due to global cost push and agricultural supply constraints) cannot be ignored. Sticky inflation also led to a tight monetary policy which moderated growth during the course of the year. The impact was largely felt on the industrial sector whereas agriculture and services continued to do well. The rupee felt this pressure and breached the 50 level mark during the year, aggravating the concerns for importers.

However, after remaining subdued for a better part of the year, some of the indices have started looking up.

Inflation has started showing signs of easing and RBI has responded by cutting CRR and interest rates, signaling a softer regime going forward. It remains to be seen how the economy responds to these measures.

In this uncertain environment, your Company has made the best use of its resources and abilities to come out stronger from the tides. We have a lot to thank the outgoing Managing Director & CEO, Shri P M Murty for what your Company has achieved. His contribution to your Company during his tenure needs no reiteration. We are indeed grateful to him for his leadership and guidance.

The performance of your Company during FY 2011-12 is detailed below:

## 1. PRODUCTS AND MARKETS

Your Company operates in Decorative coatings and Industrial coatings segments across India and in the geographies of Asia, Middle East, Caribbean and South Pacific Islands through its subsidiaries and joint ventures. It has presence in 17 countries with 24 paint manufacturing facilities.

The Paint industry volume growth in India during FY 2011-12 was strong across regions, albeit a bit lower than initial expectations. Margins in the industry were under pressure owing to surging inflation in input prices seen during the year. Industrial Paints business faced pressures due to the slowdown witnessed in the Industrial sector. Especially in automotive coatings, the markets didn't perform as was expected initially due to surging fuel prices and tightening interest rates.

International business did well in spite of the regional turmoil in Middle East and subdued economic conditions in the Caribbean region. The Asian markets fared well owing to strong domestic demand conditions. Raw material inflation caused pressures on the margins of international units as well.



## DECORATIVE PAINTS INDIA

Decorative Paints contribute more than 75% of the Indian Paints market. Your Company continues to do well in the market place and has focused on defending the position earned over the years. Strong volume and value growth was seen in the segment during FY 2011-12. The strategies followed by your Company have enabled it to grow satisfactorily in spite of stiff competition.

The key feature of FY 2011-12 was the high level of inflation for the second consecutive year. Despite five price increases with an overall impact in excess of 12%, gross margins dropped during the year. Fortunately, the substantial increases in prices did not affect demand which continued to be fairly robust. Going forward, margins are likely to remain under pressure in light of the uncertainty in commodity and other input prices.



*Signature Store at Connaught Place, Delhi*

The trend of high growth in emulsions and exteriors witnessed in recent years continued. This helped in registering a better mix and higher growth rates. Overall,

the product mix offered by your Company is getting richer on account of good growth rates seen in emulsions, thus steadily reducing the dependence on enamels and distempers. Your Company offers the broadest mix in the product portfolio to the customers and has successfully established its strength in the premium segment in the last few years. During FY 2011-12, the interior emulsion category continued to grow well on the back of good marketing work done in Royale (the new Teflon co-branding and the launch of the Shyne variant). Tractor Emulsion continues to grow extremely well, thereby, becoming the preferred Economy Emulsion in the market. The Exterior Emulsion category has strengthened with the inclusion of Apex Ultima and textured finishes in the portfolio. Asian Wall Putty has also been growing well in the recent past.

Major thrust areas were identified to secure growth, ensure customer satisfaction, supply chain capability and



*'Colour Scheme PRO' (Mobile Application)*

capability building for the future during FY 2011-12. Your Company continued to expand its sales network. The ColourWorld reach has now grown to over 21000 dealers. The 43 Colour Idea stores that have been opened so far continue to be an area of consumer delight. The concept would be expanded significantly over the next three years. The Signature stores in Mumbai and Delhi (which was opened during the year) continue to attract a large number of consumers who respond very positively to the experience. Innovative marketing initiatives are being undertaken to increase consumer connect and awareness on painting. The 'Happy Painting Guide' and 'Colour Scheme PRO' (Mobile application enabling consumers to create colour combinations) that have been launched are a step in this direction. Samplers and Foresites service continue to receive a good response. Shop-boy and dealer training and other Critical Retailer's specific initiatives are also being undertaken vigorously.



*Khandala plant under construction*

With volumes doubling nearly every five years, your Company needs to invest in capability to effectively implement its growth strategies. Work on the construction of the 7th Decorative paint plant at Khandala (Maharashtra) is progressing steadily and is on course for commissioning a capacity of 300,000 KL in fourth quarter of FY 2012-13. Rohtak plant (Haryana) produced 125,000 KL in its second year of operation. The capacity at Rohtak has been increased from 150,000 KL to 200,000 KL per annum and this capacity is now available from the first quarter of FY 2012-13.

Construction of the Distribution Centre at Patancheru Plant is underway and by the end of FY 2012-13, all plants with the exception of the Bhandup Plant would have operating Distribution Centres allowing complete migration to the new Distribution Model. This new model is expected to facilitate higher service levels with lower levels of inventory going forward.

## **INTERNATIONAL OPERATIONS**

FY 2011-12 was a challenging year for the overseas operations of the group. Most of the international markets where your Company operates continued to be impacted by difficult market conditions. The political turmoil in Egypt and Bahrain continued and impacted demand. Bangladesh was impacted by sharp currency depreciation and a liquidity crunch in the market that has pushed up interest rates.

The focus in the international operations of the group during the year was on strengthening position in the market place

through initiatives to improve customer centricity, increasing the number of dealer tinting systems, introduction of new products, expanding the dealer network, increasing exports, focus on protective and industrial coatings segments and improving service level to minimize loss of sale due to stock outs. All these steps coupled with tight control on expenses and capital employed have helped the international operations of the group perform satisfactorily despite difficult market conditions. Sharp focus was accorded to further enhance safety standards in all subsidiaries. During the year, the subsidiaries in UAE and Trinidad were certified for ISO 14001.

The revenue from paint sales of the overseas operations of the group for the year is ₹ 1138.6 crores as compared to ₹ 974.5 crores during the previous year.

Material prices during the year saw an inflationary trend and profitability was impacted due to inability to take price increases commensurate with increase in material prices. The impact of inflation was mitigated to some extent by formulation re-engineering, economies of scale in purchasing and reducing losses in manufacturing.

Profit after tax for the overseas operations of the group during the year is ₹ 72.3 crores as compared to ₹ 87.9 crores during the previous year.

During the year, Asian Paints International Limited, Mauritius, a 100% subsidiary of your Company, declared its maiden dividend. The dividend received during the year amounts to US\$ 3.4 million (equivalent to ₹ 15.8 crores) and royalty received during the year from overseas subsidiaries amounts to ₹ 15.2 crores.

The revenue from paint sales of Berger International Limited, a subsidiary listed on the Singapore Stock Exchange has decreased by 1% to S\$ 107 million (equivalent to ₹ 413 crores).

The group operates in the following geographies:

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

The region wise performance is detailed below:

### Caribbean Region

During the year under review, the revenue from paint sales has increased by 9.5% to ₹ 171.8 crores from ₹ 156.8 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 3.7%. PBIT (profit before interest and tax) for the region is ₹ 7.6 crores for the year. Continuing economic slowdown in all the Caribbean economies, coupled with state of emergency declared in Jamaica and Trinidad impacted demand. All the subsidiaries in the region have earned profit after tax.

### Middle East Region

During the year under review, the revenue from paint sales has increased by 12.1% to ₹ 578.4 crores from ₹ 515.9 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 8.9%. PBIT for the region is ₹ 61.5 crores for the year.

The Middle East region is the largest operating region for the group outside India. The region now contributes 50% of the revenue from overseas operations. Demand conditions in all economies continued to be challenging, particularly in UAE. Political turmoil in Bahrain and Egypt has further impacted the business environment in these countries. Except UAE, all the other subsidiaries in the region have earned profit after tax.

### Asia Region

During the year under review, revenue from paint sales has increased by 31.0% to ₹ 314.7 crores from ₹ 240.3 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 28.0%. The PBIT for the region is ₹ 24.6 crores for the year.

Bangladesh has received environmental clearance for increasing its plant manufacturing capacity to 24000 KL per annum. The expansion is expected to be completed in FY 2013-14. In Nepal, capacity expansion to 20000 KL per annum is under way. This is expected to be completed in FY 2012-13.

In the region, Nepal and Sri Lanka have earned profit after tax and Singapore and Bangladesh have reported a loss.

### South Pacific Region

During the year under review, revenue from paint sales has increased by 20.9% to ₹ 90.6 crores from ₹ 75.0 crores. Adjusted for exchange rate impact, the revenue from paint sales has increased by 7.3%. The PBIT for the region is ₹ 12.2 crores for the year. All the subsidiaries in the region have made profit.

## INDUSTRIAL COATINGS

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

APPG, the 50:50 Joint Venture (JV) with PPG Industries Inc., 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 passenger vehicle segment registered a mere 4.7% growth during FY 2011-12, in sharp contrast with 26.7% growth in builds witnessed in FY 2010-11. Rising fuel prices and a series of interest rate hikes drove up the price of ownership, slashing demand. However, most OEMs posted decent growth in the last quarter of the year aided by strong pre-budget demand from customers.

The year also saw high inflation which put cost pressures on the Industry and your Company. Your Company has taken series of internal measures to improve operational efficiencies and minimize the impact on margins due

to input price pressures. In the Auto Refinish business, your Company was able to pass on the cost increases to a certain extent. However, in the Auto OEM business, passing on the cost impact continued to be a challenge. This has impacted the bottom line growth for your Company during the year.

Capacity enhancements, operational excellence, higher service delivery, reduced inventory has been the agenda for supply chain function. In order to meet the industry requirements, capacity expansion at the Sriperumbudur plant was embarked upon during the year. This will be helpful in catering to future customer demands.

Total revenue from operations increased to ₹ 659.1 crores from ₹ 569.5 crores in the previous year with a growth of 15.7%. The profit after tax dropped to ₹ 26.2 crores from ₹ 32.9 crores.

The consolidated revenue from operations was ₹ 687.3 crores and the profit after tax was ₹ 26.8 crores.

Despite the long term positive growth prospects in the Indian economy, the year ahead appears challenging due to the challenging market conditions, increased competition, volatile foreign exchange, high interest rates, inflation and rising crude oil prices.

## **NON-AUTO INDUSTRIAL COATINGS:**

### **Partnership with PPG**

Your Company had initiated the process of forming a second 50:50 Joint Venture with PPG Industries Inc., USA (PPG) last year to further the long standing and successful relationship with PPG. As announced earlier, this JV will aggressively promote the industrial coatings and powder coatings products (earlier serviced by your Company through its Growth Business unit and its 100% subsidiary Asian Paints Industrial Coatings Limited (APICL)) in India. It 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 be responsible for day to day management of this new JV.

As a first step to the JV formation, a new Company named AP Coatings Limited (100% subsidiary of your Company)

was formed to carry on the Non-Auto Industrial business including Powder Coatings business of your Company. The second 50:50 JV, Asian Paints PPG Limited (APPL) was also established during the year with PPG. As a part of the arrangement, AP Coatings alongwith an Indian subsidiary of PPG would merge into APPG and thereafter, certain businesses from APPG would demerge into APPL.

The Composite Scheme for Merger and Demerger under Sections 391 – 394 of the Companies Act, 1956 and other applicable provisions was filed with the Hon'ble High Court of Judicature of Bombay and Hon'ble High Court of Judicature of Madras in September 2011 for the arrangement. During the year, PPG Industries, Inc., USA decided to restructure its operations in India prior to the proposed merger/demerger due to which the petitions filed in the Hon'ble High Court of Judicature of Bombay and Madras have been withdrawn. A revised Composite Scheme for Merger and Demerger encompassing all businesses of companies, as originally envisaged, has been filed with the Hon'ble High Court of Judicature of Bombay in February, 2012. The amalgamation process is currently in progress and the regulatory clearance for this new structure for Industrial operations is likely to be obtained by the second quarter of FY 2012-13.

As a part of the JV arrangement, Industrial paint 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 requirements will continue to be produced by these industrial plants under a tolling arrangement.

APPG, the existing 50:50 JV in the area of automotive coatings, will now additionally cover marine coatings, consumer packaging coatings and other liquid industrial coatings segments. PPG will be responsible for day to day management of this JV.

### **AP COATINGS LIMITED**

As mentioned earlier, AP Coatings Limited (100% owned subsidiary of your Company) was formed to carry on the industrial business of your Company as well as the business of APICL till the formation of the new JV.





Coatings for: (1) Airports; (2) Cycle Track; (3) Highways and (4) Race Circuit

The major product segments handled by AP Coatings Limited includes

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

Overall, the demand position in industrial coatings continued to be relatively weak. High borrowing costs and poor liquidity in the market also contributed to a slow down in the industrial projects business. Your Company focused on the high-end Protective Coatings business, resulting in a substantial improvement in the product mix and weighted average selling prices. Raw Material prices increased significantly in the first half of the year, with the average overall inflation in material costs at around 20% for the financial year. The Powder Coatings and Road Marking Coatings businesses were significantly affected by the weakening rupee in the last two quarters, as a large proportion of the raw materials in these businesses are imported. Inflation coupled with relatively weak demand conditions, intense competition, and inability to pass on price increases, affected margins adversely.

The two Powder Coatings' manufacturing facilities located at Sarigam in Gujarat and Baddi in Himachal Pradesh, and the Industrial Liquid Paints' plant at Taloja in Maharashtra, operated satisfactorily in meeting market requirements.

The year ahead looks challenging, with no respite expected in the increasing input costs. Both crude prices and the exchange rate will play a significant role in determining the input costs. However, since cost of credit is expected to come down in future, demand conditions are likely to improve.

## OTHERS

Your Company's two chemicals businesses, Phthalic Anhydride, manufactured at Ankleshwar, Gujarat, and Pentaerythritol, manufactured at Cuddalore, Tamil Nadu, were set up as backward integration initiatives in the late eighties, primarily to cater to the in-house demand for these chemicals.

During FY 2011-12, 60% of Phthalic Anhydride produced was transferred for internal consumption. The plant operations were stable and the plant achieved the highest ever production volumes during the year. Rising raw material costs pushed Phthalic Anhydride prices to high levels. Safe guard duty at the rate of 10% on imports from all countries was imposed from January 2012. Profits from the Phthalic Anhydride business were in line with expectations.

52% of the Pentaerythritol produced by your Company during FY 2011-12 was transferred for internal consumption. Prices of key raw materials moved up during the year, resulting in an increase in material costs. Your Company was able to obtain price increases from customers, albeit, with a delay. Production at plant and profits from the business were in line with expectations.

## 2. ENVIRONMENT, HEALTH AND SAFETY

Your Company has always been environmentally conscious and believes in resource conservation. Environment, Health and Safety (EHS) is one of the primary values for your Company. The policy entails ensuring compliance to statutory EHS requirements as the minimum performance standard and commitment 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.

and one chemical plant are 'Zero Industrial Discharge' plants with rain water harvesting capabilities.

Khandala plant construction has begun and is progressing at fast pace. The design of the Khandala plant has world class safety facilities, 'Zero Discharge' of effluents, water conservation, rainwater harvesting and green belt at the periphery of the premises.

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 waste.



*Process unit for Water recovery from Waste-Water installed at Rohtak Plant*

Priority and attention is given to the health and safety of employees. Training is imparted to all the employees to work as per the prescribed procedures meeting all EHS requirements. Your Company also endeavors to educate its customers and the public on safe use of its products.

The Rohtak plant of your Company has implemented environmental management system and received the ISO 14001 certification. With this, all your Company's seven paint plants and the two chemical plants have the ISO 14001 environmental certification. All the seven paint plants

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. Your Company 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

FY 2011-12 has been a year of consolidation for Human Resource function of your Company. Several initiatives, which began in the previous year, started taking shape this year. Learnscape, People Review process and Employee Engagement are few such initiatives where noticeable consolidation over last year's work were seen.

While attracting and retaining talent continues to be a common challenge across industries in last few years, campus recruitment remains the most important source of getting right talent for your Company. Therefore, in order to further improve your Company's brand image at select campuses, initiatives towards increased industry-academia interface were focused upon. This in turn resulted in better quality talent attraction from specific campuses for your Company.

'Customers' are at the center of external interface, similarly, 'employees' are the center of internal interfaces. In your Company, several initiatives under 'Voice of Employee' agenda were taken up for implementation making a good beginning to responding to employee needs.

'Inclusive participation and Inclusive growth' is the core of any peaceful Industrial Relation. Building and working on comprehensive employee relations agenda has been an area of continued focus in your Company. Accordingly, initiatives around Employee Relations and Engagement were taken up across all major manufacturing units.

The formation of a new JV in the industrial business involved HR integration which included developing organization structure and policies to support the independent entity.

A repertoire of courses available through 'e-learning' is gaining momentum in your Company which includes partnerships with reputed global organizations like Harvard Business Publishing and Skillssoft. These have received encouraging feedback from employees in your Company.

### 4. CORPORATE SOCIAL RESPONSIBILITY

Your Company has always been in the forefront of conducting various CSR initiatives for the benefit of the communities wherever it operates. These initiatives primarily revolve around Water Conservation, Healthcare, Education and Elderly Care. Your Company believes that growth in isolation is not enough; it believes in the concept of sustainable growth taking into consideration the society and environment at large.

Water Conservation has been one of the key focus areas of your Company for a long time now. Management of Water through Recycling and Reuse has helped in the



*CSR initiatives undertaken at various locations*

conservation of this depleting natural resource. The Total Water Management (TWM) Centre located in the premises of your Company's manufacturing facility at Bhandup, Mumbai has been championing the issue of water conservation. It plays the role of Information and Demonstration centre on water harvesting for the public at large. Various representatives from housing societies, corporates, government bodies and even school and college students have visited the centre to gain a holistic view on water management. Your Company has also participated in various seminars to advocate the cause of saving this fast depleting natural resource.

Your Company's other manufacturing facilities at Ankleshwar (Gujarat), Sriperumbudur (Tamil Nadu), Patancheru (Andhra Pradesh), Kasna (Uttar Pradesh) and Rohtak (Haryana) have been doing their bit to provide healthcare to the elderly in the villages around the plant. Your Company operates Mobile Medicare Units (MMUs) in association with the NGO Help Age India to provide medical aid to the doorsteps of the needy senior citizens. Blood Donation and Health care camps are conducted on a regular basis for the benefit of the society by all the manufacturing plants of your Company.

Education is the foundation of progress and realizing this, most of your Company's plants are working towards improving health and infrastructure facilities of schools in their vicinity. The Penta Plant located at Cuddalore (Tamil Nadu) has adopted a government higher secondary school in the village of Karaikadu in the nearby area. Maintenance of computers, providing furniture's and improving the existing sanitation facilities were undertaken by the plant. Additionally, Scholarships are also being provided to the deserving students. The plant at Rohtak was involved in providing filtered water and playground equipments to a primary girl's school in Baliyana village.

At Ankleshwar in Gujarat, your Company is an active member of Ankleshwar Industrial Development Society, a trust which looks after Shree Gattu Vidyalaya, Shree Jayaben Modi Hospital, Mobile Education Van Project and Children's theatre cum sports complex

When the cyclone 'Thane' struck Cuddalore and its neighbouring areas, essential provisions were distributed by the Penta plant to the cyclone affected villagers.

## 5. INFORMATION TECHNOLOGY

There are four mega trends in the Information Technology (IT) world, shaping the way information is getting generated and consumed today. These trends are Mobility, Social, Cloud Computing and Consumerization of IT. During FY 2011-12, your Company has explored the impact of these trends and its relevance for your Company and deployed innovative applications around these mega-trends.

A third generation cutting edge mobile application for the front line sales force of your Company was developed which will allow the territory officers to manage the dealer network efficiently by providing a 360 degree view of dealers. As this report goes to print, the application and associated devices are being rolled out pan India. Going forward the other customer facing roles of your Company are also planned to be mobile enabled.

The relevance of managing online reputation has gained immense significance in today's world. Your Company has already established its presence on popular social media platforms like Facebook and Twitter. To enable structured management of your Company's online reputation, a social sentiment analytics tool was proto-typed and developed during FY 2011-12, which can 'listen' to opinions expressed by various consumers about your Company and channel it to the Customer Relationship Management Systems.

The three year roadmap that was drawn in FY 2009-10 in the area of Information Management is well underway. The Business Intelligence initiative that was started in early April 2011 has largely achieved its objective of providing a warehouse of information which managers can use to gain valuable insights to manage key performance indicators at work. This is expected to improve the decision making capability of the managerial cadres significantly. With this framework your Company is poised to leverage the technology trends in the area of in-memory analytics to provide even further insights into market trends and consumer behavior.

To improve the overall resiliency of the IT systems, a three pronged approach has been adopted to improve information security of various enterprise systems to global



standards, deploy tools for IT disaster recovery as well as tools that aid in overall IT operations, management and governance. Your Company is also partnering with leading IT vendors to build innovative applications that exploit the nexus of mobility, cloud and consumerization of IT. These will be deployed to solve complex business problems in the coming years.

## 6. RESEARCH AND 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.

During the FY 2011-12, technology efforts have been focused on environmentally compliant technologies:

1. Water borne Acrylic Emulsion
2. Water borne Alkyds
3. High solids and
4. Low VOC solvent borne; VOC = Volatile Organic Compounds.

The portfolio of projects includes leading edge technology for strengthening core business and overall capabilities. During FY 2012-13, Emulsions developed from Technology platform programs are expected to represent 20% of current total volume of emulsions. To meet the mid and long term strategic goals, focus will be in the area of developing paints with reduced VOC.



*Paint testing being carried out at the Research and Technology centre in Turbhe*

## 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations, accuracy of reporting, security of assets and compliance to regulatory requirements. Good governance, sound internal controls and an independent internal audit form the habitat in this environment.

The culture of self governance and internal control is sustained through varied set of activities including well defined policies and self certification on adherence to the policies and procedures.

The internal audit function provides assurance to the management on the adequacy and effectiveness of your Company's risk management, control and governance processes. The internal audit department functions independently and consists of qualified and experienced professionals. The services of reputed audit firms are hired to draw advantage of external perspective and geographical reach thereby forming an ideal blend to support a value adding assurance framework.

The audit plans are drawn up based on a structured risk profiling of business activities of your Company and the plans are approved by the Audit Committee. During the year, the Audit Committee met regularly to review the findings and the corrective actions taken by the business.

The following initiatives taken up during the year have helped enrich the control environment in your Company:

1. Concurrent audits of large project spends, shared service centre and investment of cash and retirement benefit funds have been put in place. This ensures that the major financial transactions are reviewed very close to their occurrence.
2. A framework for 'Continuous monitoring' of the operations in depots and plants has been put in place. This is done through a combination of data analytics and audit on the field based on the leads generated from such analytics.
3. Your Company has invested in an online Governance Risk and Compliance platform to report and track statutory compliances. Going forward this solution will also help

record internal audit findings, track the status of corrective actions and perform online risk assessments. This will enable the business leaders to view the status of audit observations and monitor the risks and implementation of mitigation plans in a real time manner.

## 8. RISK AND OUTLOOK

The world today is more uncertain and volatile than anytime before. Although the prospects and future of many developing economies including India are brighter today, there are several challenges before the world that needs to be addressed. There is increased competition for natural resources and increasingly volatile and uncertain economic as well as a fragile socio-political environment. For India, there are domestic concerns which can challenge the high growth trajectory the country has seen in the recent years. To maintain a sustainable growth trajectory and push economy forward the country needs to push forward critical governance reforms which have been pending for long.

Specific risks which can impact the performance of your Company are discussed below:

### MACRO ENVIRONMENT

Overall global economic environment is volatile with the European sovereign crisis still not completely addressed. There are risks of growth not picking up in developed countries, which can have an impact on the global economic environment.

The socio-political situation in some of the key oil producing nations has been fragile for some time now. Any deterioration of conditions in any of these countries can affect the global crude prices, which can have significant impact on prices across the board.

### BUSINESS RISKS

#### India

Costs of key raw materials like Titanium Dioxide have been on rise for some time now due to their relative shortage, inadequate investment in fresh capacities and buoyant demand conditions. There is risk of the prices not coming down anytime soon.

Inflation was a challenge in India during the last year. Although it has reduced during the last quarter of FY 2011-12, there are risks that Inflation might inch up again during the second half of FY 2012-13. This might lead to overall increase in costs.

These factors could put pressure on margins of your Company and force price hikes. Such price hikes, if any, could directly impact demand.

The Rupee was very volatile during FY 2011-12 breaching new lows. Since your Company imports a significant portion of its raw material requirements, currency volatility can have financial implications on your Company.

RBI has followed a tight monetary policy during the last financial year. However, it has started FY 2012-13 by cutting lending rates by 50 bps. There are expectations of further reduction in interest rates during FY 2012-13. However, if inflation continues to flare and interest rates are not cut down further, it can have an impact on the overall growth and investment climate in the country which might also adversely impact the paint demand.

### International

Continuing inflation in input materials has been a cause of concern globally and could continue to impact margins going forward.

Political uncertainty especially in Egypt continues to be an area of concern. Any further upheavals or volatility in the social and economic situation in Egypt may adversely affect the overall business environment.

Significant depreciation in currency was seen in countries like Jamaica, Egypt and Bangladesh during FY 2011-12. Owing to the weak fiscal scenario, further fall in the local currency vis-a-vis USD is possible in these countries.

### Outlook

In spite of all the inherent risks in the macro environment today, the outlook for FY 2012-13 is full of opportunities. FY 2012-13 marks the beginning of the first year of the twelfth five year plan of the government of India, which aims at faster, sustainable and inclusive growth. One of the objectives identified for the same is focus on domestic demand driven growth recovery. Aided by a young demographic profile, India is regarded as one of the youngest economies in the world with considerable opportunities as a consumer market and manufacturing hub. The government has also recognized, as emphasized by the finance minister in his budget speech, that there is a need to accelerate the pace of reforms and improve supply side management of the economy. The GDP growth outlook at 7.6% for FY 2012-13 is significantly higher than the GDP growth registered in FY 2011-12, showing signs of optimism.

The prospects and future of the Indian economy are bright and being an integral part of this economy your Company has always been committed to strong and sustained value creation. Your Company continues to participate in accelerating economic growth and giving customers and stakeholders the benefits of the technology and the values which have been its driving force.

# directors' report

Dear Members,

Your Directors are delighted to present the 66th Annual Report of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2012.

## FINANCIAL RESULTS

The financial performance of your Company, for the year ended 31<sup>st</sup> March, 2012 is summarized below:

(₹ in Crores)

	Asian Paints Limited			Asian Paints Limited Group Consolidated		
	2011-12	2010-11	Growth	2011-12	2010-11	Growth
Revenue from Operations (Net)	7964.16	6336.08	25.7%	9632.24	7722.30	24.7%
EBITDA	1493.24	1232.16	21.2%	1616.18	1396.08	15.8%
Less: Finance Costs	30.82	15.35		40.97	23.21	
Less: Depreciation	99.49	94.48		121.13	113.13	
Profit before tax	1362.93	1122.33	21.4%	1454.08	1259.74	15.4%
Less: Tax expense	404.54	347.18		433.50	378.39	
Profit After Tax	958.39	775.15	23.6%	1020.58	881.35	15.8%
Less: Minority Interest	-	-	-	31.85	38.11	
Profit attributable to shareholders of the Company	958.39	775.15	23.6%	988.73	843.24	17.3%
Opening balance in Statement of Profit and Loss	600.00	600.00		600.00	600.00	
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>1558.39</b>	<b>1375.15</b>		<b>1588.73</b>	<b>1443.24</b>	
That the Directors recommend for appropriation as under:						
Dividend - Interim	91.13	81.53		91.13	81.53	
- Proposed Final	292.56	225.41		292.56	225.41	
Tax on Dividend	62.24	50.11		62.24	50.11	
Transfer to General Reserve	412.46	418.10		442.80	486.19	
Closing balance in Statement of Profit and Loss	700.00	600.00		700.00	600.00	



## STANDALONE FINANCIALS

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28<sup>th</sup> February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31<sup>st</sup> March, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

Net Revenue from Operations for the standalone entity increased to ₹ 7964.16 crores from ₹ 6336.08 crores in the previous year – a growth of 25.7%. The operating profit (EBITDA) increased by 21.2%, from ₹ 1,232.16 crores to ₹ 1493.24 crores. The profit after tax for the current year is ₹ 958.39 crores as against ₹ 775.15 crores in the previous year – a growth of 23.6%.

## CONSOLIDATED FINANCIALS

The Consolidated Net Revenue from Operations increased to ₹ 9,632.24 crores from ₹ 7722.30 crores – growth of 24.7 %. Net profit after minority interest for the group for the current year is ₹ 988.73 as against ₹ 843.24 crores in the previous year – a growth of 17.3%

## CONSOLIDATED ACCOUNTS

The Ministry of Corporate Affairs (MCA) by General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, had granted an exemption to companies from complying with Section 212 of the Companies Act, 1956, provided such companies fulfill conditions mentioned in the said circular. Accordingly, the Board of Directors of your Company at its meeting held on 8<sup>th</sup> May, 2012, approved the Audited Consolidated Financial Statements for the financial year 2011-12 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 2011-12, have been 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 2011-12. 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 the Ministry of Corporate Affairs, forms part of this report.

## DIVIDEND

During the financial year 2011-12, your Company declared an interim dividend of ₹ 9.50 (Rupees Nine

and Paise Fifty only) per equity share in the month of October, 2011 and paid it in the month of November, 2011. In addition, your Directors recommend payment of ₹ 30.50 (Rupees Thirty and Paise Fifty only) per equity share as the final dividend for the financial year ended 31<sup>st</sup> March, 2012. If approved, the total dividend (interim and final dividend) for the financial year 2011-12 will be ₹ 40 (Rupees Forty only) per equity share; ₹ 32 (Rupees Thirty Two only) per equity share was paid as dividend for the previous year.

## TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 412.46 crores to the general reserve. An amount of ₹ 700.00 crores is proposed to be retained in the statement of profit and loss.

## 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

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 2011-12. 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.

During the FY 2011–12, your Company has filed a Composite Scheme of restructuring under Section 391–394 of the Companies Act, 1956 and other applicable provisions with the Hon'ble High Court of Judicature of Bombay. The Scheme envisages merger of AP Coatings Ltd (100% subsidiary of your Company) and a wholly owned Indian subsidiary of PPG Industries Securities Inc., USA (PPG) i.e PPG Coatings India Private Limited into Asian PPG Industries Limited (APPG), 50:50 joint venture between your company and PPG and thereafter, certain businesses will demerge into Asian Paints PPG Limited (APPL), new 50:50 joint venture between your Company and PPG.

As informed in the last year's Annual Report, the new Joint venture will service the protective, industrial powder coatings, industrial containers and light industrial coatings markets. Your Company will have effective management control in APPL while PPG will take 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 2011-12 and there are no outstanding fixed deposits from the public as on the Balance Sheet date.

#### **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**

The information on Conservation of Energy and Technology absorption by your Company as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, 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 Note 34 and 35 to the financial statements.

#### **PERSONNEL**

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, names and other particulars of employees 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 member desirous of obtaining a copy of the said annexure may write to your 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, 2012 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; and
- The annual accounts have been prepared on a going concern basis.

#### **DIRECTORS**

The term of Mr. P M Murty as Managing Director & CEO came to an end on 31<sup>st</sup> March, 2012 and consequently he

ceased to be a Director on the Board of your Company. The Board has placed on its record a deep sense of appreciation for the valuable contributions rendered by Mr. P M Murty during his tenure of three years.

The Board appointed Mr. K B S Anand as an Additional Director in accordance with Section 260 of the Companies Act, 1956 with effect from 1<sup>st</sup> April, 2012 and as Managing Director & CEO with effect from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ashwin Choksi, Mr. Ashwin Dani, Mr. Abhay Vakil and Dr. S Sivaram 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 reappointment as Directors of your Company.

#### **AUDITORS**

M/s. Shah & Co., Chartered Accountants and M/s. B S R & Associates, Chartered Accountants, Joint Auditors of your Company are due for retirement at the ensuing Annual General Meeting and are eligible for 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 2011-12.

#### **COST AUDITOR**

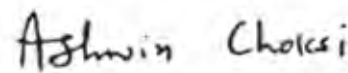
Pursuant to the direction from the Ministry of Corporate Affairs for appointment of Cost Auditors, your Board has reappointed Ms. Ketki Visariya, as the Cost Auditor of your Company for the financial year 2011-12 to conduct the audit of the cost records of the Company.

The Cost Audit report for the FY 2010-11 due on 27<sup>th</sup> September, 2011 was filed by the Cost Auditor on 3<sup>rd</sup> August, 2011. Further, for the FY 2011-12, due date for submission of Cost Audit Report is 27<sup>th</sup> September, 2012.

#### **APPRECIATION**

Your Directors take this opportunity to thank and place on record their appreciation for all the employees at all levels for their hard work and dedication during the year. Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their consistent support.

For and on behalf of the Board



Ashwin Choksi  
Chairman

Mumbai  
8<sup>th</sup> May, 2012

## Annexure to Directors' Report

### Form A

#### Disclosure of particulars with respect to Conservation of Energy:

Particulars	2011-12	2010-11
<b>A Power and fuel consumption</b>		
<b>1. Electricity</b>		
a. Purchased		
Units ('000 KWH)	32,687	29,262
Total Amount (₹ in Crores)	18.11	14.89
Rate per unit (₹)	5.54	5.09
b. Own Generation		
Through diesel Generator		
Units ('000 KWH)	16,685	18,276
Units per ltr of diesel oil	3.48	3.53
Cost/unit (₹)	10.86	10.24
Natural Gas		
Units ('000 KWH)	6,122	6,430
Units per nm3	3.36	3.32
Cost/unit (₹)	6.76	5.23
<b>2. Coal</b>		
Quantity (in MTs)	19,585	18,182
Total Amount (₹ in Crores)	9.44	8.66
Average rate/MT (₹)	4,821	4,761
<b>3. Diesel</b>		
Quantity (in KL)	995	1,642
Total Amount (₹ in Crores)	4.00	6.21
Average rate/Ltr. (₹)	40.14	37.82
<b>4. Furnace Oil</b>		
Quantity (in MTs)	1,191	1,209
Total Amount (₹ in Crores)	4.66	3.61
Average rate/Kg. (₹)	39.12	29.88
<b>5. Natural Gas</b>		
Quantity (in '000 cubic m.)	3,952	3,514
Total Amount (₹ in Crores)	10.12	5.73
Average rate/cubic m. (₹)	25.60	16.40

#### B. Consumption per unit of production

	Electricity		Furnace Oil		Natural Gas		Coal		Diesel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Paints	105	110	2	3	5	4	-	-	2	3
Phthalic	34	62	-	-	53	69	-	-	-	-
Penta	91	120	-	-	-	-	4	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.
- 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:

- Developed self healing coatings for wood substrates.
- Developed Touchwood Exterior – Gloss and Silk Matt – for wood surfaces
- Iridescent Special Effects finishes developed.
- Productivity improvement achieved in manufacture of select machine colorants.
- Stress intensity calculations done on colorant manufacturing process.
- Premium Satin Enamel range improved for anti-fungal performance.
- Developed high performance metal primer for harsh coastal weather conditions in Decorative applications.
- Developed entire range of machine colorants with lower volatile organic components.
- Advanced analytical technique developed to map select paint ingredients across the paint film.
- Productivity improvement achieved in the manufacture of variety of Resins.
- Developed specialty Polymers for high performance coatings.
- Developed Heat Resistant Coating System.
- Developed Range of Primers for Auto Refinish market.



### 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:

	(₹ in Crores)	
Particulars	2011-12	2010-11
Capital	6.49	3.67
Recurring	37.24	32.23
<b>Total</b>	<b>43.73</b>	<b>35.90</b>
Net Revenue from Operations	7,964	6,336
R & D expenditure as % of Net Revenue from Operations	0.55%	0.57%

### 5. 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 American and European markets. The Di-pentaerythritol is used mainly as an additive in the manufacture of lubricants 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 items to its overseas units and licensees. 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

Ashwin Choksi  
Chairman

Mumbai  
8<sup>th</sup> May, 2012

## 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, 2012, and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, 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, 2012, 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, 2012;
  - (ii) in the case of the Statement of Profit and Loss, 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

**Ashish Shah**

Partner  
Membership No.: 103750

Mumbai  
8<sup>th</sup> May, 2012

**For B S R & Associates**

Chartered Accountants  
Firm Registration No.: 116231W

**Natraj Ramakrishna**

Partner  
Membership No.: 32815

## Annexure to the Auditors' Report - 31<sup>st</sup> March, 2012

(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 of 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 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, 2012 for a period of more than six months from the date they became payable.

- (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 Dues	F.Y. 1994-95 to 1995-96, F.Y. 1997-98, F.Y. 2001-2002 to 2011-2012	16.55	First Appellate level
		F.Y. 1999-00 to 2001-02, F.Y. 2003-04, F.Y. 2005-06 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 2009-10	13.02	Tribunal
		F.Y. 1997-98, F.Y. 2000-01 to 2002-03, F.Y. 2004-05 to 2007-08	0.96	High court
		F.Y. 1992-93, F.Y. 1993-94, F.Y. 2003-04 to 2006-07	0.22	Supreme Court
		<b>Total (A)</b>		31.54
Excise				
Central Excise Act, 1944	Dispute relating to Excise duty	F.Y. 1986-87, F.Y. 1992-93 to 1997-98, F.Y. 2000-01 and F.Y. 2007-08	0.53	First Appellate
		F.Y. 1992-93 to 1993-94, F.Y. 1995-96 to 1999-2000, F.Y. 2000-01 to 2003-04, F.Y. 2008-09 to 2010-11	0.28	Tribunal
		F.Y. 1969-73, F.Y. 1998-99 to 1999-2000	0.09	High Court
<b>Total (B)</b>		0.90		
Income Tax	IT matters under dispute	A.Y. 2004-05	0.51	Assessing Officer
		A.Y. 2003-04	0.52	First Appellate
		A.Y. 1996-97 to AY 1999-2000	0.27	Tribunal
<b>Total (C)</b>		1.30		
<b>Grand Total (A)+(B)+(C)</b>			33.74	

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 25 (a) of Notes to 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 explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For Shah & Co.**

Chartered Accountants  
Firm Registration No.: 109430W

**Ashish Shah**

Partner  
Membership No.: 103750

Mumbai  
8<sup>th</sup> May, 2012

**For B S R & Associates**

Chartered Accountants  
Firm Registration No.: 116231W

**Natraj Ramakrishna**

Partner  
Membership No.: 32815

Balance Sheet as at 31<sup>st</sup> March, 2012

(₹ in Crores)

	Notes	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	95.92	95.92
Reserves and Surplus	3	2,391.86	1,879.40
		2,487.78	1,975.32
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4	52.64	57.71
Deferred Tax Liability (Net)	5	80.75	75.50
Other Long Term Liabilities	6	3.62	4.96
Long Term Provisions	7	65.16	66.43
		202.17	204.60
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	8	110.51	3.98
Trade Payables	9	1,069.06	931.89
Other Current Liabilities	10	755.44	464.50
Short Term Provisions	7	355.07	274.75
		2,290.08	1,675.12
<b>Total</b>		<b>4,980.03</b>	<b>3,855.04</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	11 A	987.79	1,038.65
Intangible Assets	11 B	21.25	18.54
Capital work-in-progress		602.84	39.67
		1,611.88	1,096.86
Non-current Investments	12	279.22	206.83
Long Term Loans and Advances	13	311.34	97.78
<b>CURRENT ASSETS</b>			
Current Investments	14	263.00	341.00
Inventories	15	1,264.42	1,071.76
Trade Receivables	16	500.24	355.56
Cash and Bank balances	17	500.97	509.01
Short Term Loans and Advances	13	153.69	84.79
Other Current Assets	18	95.27	91.45
		2,777.59	2,453.57
<b>Total</b>		<b>4,980.03</b>	<b>3,855.04</b>
<b>Significant Accounting Policies</b>	1		

Notes are an integral part of the financial statements.

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

**K. B. S. Anand**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**Ashish Shah**Partner  
Membership No. 103750**Natraj Ramakrishna**Partner  
Membership No. 32815**Jayesh Merchant**Chief Financial Officer &  
Company Secretary

Mumbai

8<sup>th</sup> May, 2012

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in Crores)

	Notes	Year 2011-12	Year 2010-11
<b>INCOME</b>			
Revenue from Operations (Net of discounts)	19	8,747.76	6,957.72
Less: Excise duty		783.60	621.64
Revenue from Operations (Net of discounts and excise duty)		7,964.16	6,336.08
Other Income	20	141.49	74.90
<b>TOTAL REVENUE</b>		<b>8,105.65</b>	<b>6,410.98</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21A	4,722.74	3,681.92
Purchases of Stock-in-trade	21B	120.41	105.56
Changes in inventories of finished goods, work in progress and stock-in-trade	21C	(115.07)	(140.61)
Employee Benefits Expense	22	341.63	300.45
Other Expenses	23	1,542.70	1,231.50
<b>TOTAL EXPENSES</b>		<b>6,612.41</b>	<b>5,178.82</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		<b>1,493.24</b>	<b>1,232.16</b>
Depreciation and Amortisation Expense	11	99.49	94.48
Finance Costs	24	30.82	15.35
<b>PROFIT BEFORE TAX</b>		<b>1,362.93</b>	<b>1,122.33</b>
Less: <b>Tax Expenses</b>			
Current Tax		402.76	324.99
Deferred Tax	5	4.16	26.41
(Excess) tax provision for earlier years		(2.38)	(4.22)
<b>Total Tax Expenses</b>		<b>404.54</b>	<b>347.18</b>
<b>PROFIT AFTER TAX</b>		<b>958.39</b>	<b>775.15</b>
Earnings per share (₹) Basic and diluted (Face value of ₹ 10 each)	46	99.92	80.81
<b>Significant Accounting Policies</b>	1		
<b>Notes are an integral part of the 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

**K. B. S. Anand**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**Ashish Shah**Partner  
Membership No. 103750**Natraj Ramakrishna**Partner  
Membership No. 32815**Jayesh Merchant**Chief Financial Officer &  
Company Secretary

Mumbai

8<sup>th</sup> May, 2012

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012

(₹ in Crores)

	2011-12	2010-11
<b>(A) Cash Flow from Operating Activities</b>		
Profit before tax	1,362.93	1,122.33
Adjustments for :		
Depreciation/Impairment	99.49	94.48
Interest income	(2.52)	(5.90)
Dividend income	(57.42)	(36.07)
Finance costs	30.82	15.35
Net unrealised foreign exchange (gain)/ loss	6.20	1.67
Profit on Sale of long-term investments	(32.46)	-
Profit on Sale of short-term investments	(0.83)	(0.45)
Loss/(Profit) on Sale of fixed assets	0.10	(1.87)
<b>Operating Profit before Working Capital changes</b>	<b>1,406.31</b>	<b>1,189.54</b>
Adjustments for:		
Trade Receivables *	(190.42)	(35.20)
Other Receivables *	(91.90)	(26.19)
Inventories *	(231.18)	(308.62)
Trade and other payables*	260.39	277.37
<b>Cash generated from Operations</b>	<b>1,153.20</b>	<b>1,096.90</b>
Income Tax paid (net of refund)	(399.53)	(353.65)
<b>Net Cash generated from Operating Activities</b>	<b>753.67</b>	<b>743.25</b>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(613.86)	(144.30)
Sale of Fixed Assets	0.47	2.94
Loans to subsidiaries	(0.05)	(0.19)
Purchase of long-term investments - others	(290.39)	(311.09)
Purchase of long-term investments - subsidiaries *	(15.00)	-
Sale of long-term investments	393.46	-
Net profit on sale of short term investments	0.83	0.45
Interest received	2.25	5.89
Dividend received	57.42	36.07
<b>Net Cash used in Investing Activities</b>	<b>(464.87)</b>	<b>(410.23)</b>
<b>(C) Cash Flow from Financing Activities</b>		
Repayment of short-term borrowings	(3.98)	-
Proceeds from short-term borrowings	109.68	3.65
Repayment of long-term borrowings	(4.13)	(5.77)
Finance costs paid	(31.38)	(16.12)
Dividend and Dividend tax paid	(367.25)	(301.30)
<b>Net Cash used in Financing Activities</b>	<b>(297.06)</b>	<b>(319.54)</b>
<b>(D) Net Increase/(Decrease) in Cash</b>	<b>(8.26)</b>	<b>13.48</b>
<b>Cash and Cash equivalent as at 01.04.2011 **</b>	<b>509.01</b>	<b>495.55</b>
Less: Effect of exchange gain/loss on cash and cash equivalents	(0.22)	0.02
<b>Cash and Cash equivalent as at 31.03.2012 **</b>	<b>500.97</b>	<b>509.01</b>

\* Net of non cash items as mentioned in Note 47 (a).

\*\* Cash and Cash equivalents are Cash and Bank balances as mentioned in Note 17.

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

**K. B. S. Anand**  
Managing Director  
& CEO

**Tarjani Vakil**  
Chairperson of  
Audit Committee

**Ashish Shah**  
Partner  
Membership No. 103750

**Natraj Ramakrishna**  
Partner  
Membership No. 32815

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

Mumbai  
8<sup>th</sup> May, 2012



## Notes to Financial Statements

### NOTE 1: Significant Accounting Policies

#### 1.1. Basis of preparation of financial statements

##### (a) Basis of Accounting:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India 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 and reported amounts of income and expenses during the period.

##### (c) Presentation and disclosures in financial statements:

For the year ended 31<sup>st</sup> March, 2012, the revised Schedule VI notified under the Companies Act, 1956, is applicable to the Company, for presentation and disclosures in financial statements. The Company has reclassified the previous year's figures in accordance with the revised Schedule VI as applicable in the current year.

#### 1.2. Tangible and Intangible Assets

##### (a) Tangible Fixed Assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and accumulated 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. Expenses directly attributable to new manufacturing facility during its construction period are capitalized. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant asset heads. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

##### (b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

##### (c) Depreciation and Amortisation:

Depreciation on all fixed assets is provided under Straight Line Method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on following assets have 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 equipment 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 Statement of Profit and Loss in the year of acquisition. Leasehold land and leasehold improvements are amortised over the primary period of lease.

## Notes to Financial Statements

Purchase cost, user license 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) Impairment

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 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 but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed 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.

### 1.3. 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 changes in inventories of finished goods, work in progress and stock-in-trade.

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

Processing income is recognised on accrual basis as per contractual arrangements.

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

Interest income is recognised on the time proportion basis.

### 1.4. Lease Accounting

#### Assets taken on operating lease:

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss 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.

### 1.5. Inventory

- (a) Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components; consumables and stock-in-trade 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, stock-in-trade, stores, components, 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-progress 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.

### 1.6. Investments

Non-current investments are carried at cost. Provision for diminution in the value of non-current 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

## Notes to Financial Statements

### 1.7. Transactions in Foreign Currency

#### (a) Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

#### (b) Measurement of foreign currency items at the Balance Sheet date:

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

#### (c) Forward exchange contracts:

The premium or discount arising at the inception of forward exchange contract is amortized and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

### 1.8. Trade receivables

Trade receivables 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 of provision for expenses in Other Current Liabilities.

### 1.9. 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 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 Statement of Profit and Loss in the financial year to which they relate.

##### (b) Defined benefit plans

###### (i) Provident Fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. 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.

###### (ii) Gratuity scheme

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

###### (iii) Pension scheme

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.

The Company presents this liability as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary.

###### (iv) 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.

## Notes to Financial Statements

The defined benefit obligations recognised in the Balance sheet represent the present value of the defined benefit obligations 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.

The Company presents the above liabilities as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next 12 months.

### 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.

The Company presents this liability as current and non-current in the Balance Sheet as per actuarial valuations and certificate issued by the independent actuary.

#### 1.10. Research and Development

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

#### 1.11. Provision for Taxation

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

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

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

#### 1.12. 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.

#### 1.13. 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.

#### 1.14. Proposed Dividend

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

#### 1.15. Borrowing Cost

Borrowing cost includes Interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised. All other borrowing costs are expensed in the period they occur.

#### 1.16. Measurement of EBITDA

The Company has elected to present earnings before interest (finance cost), tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA on the basis of profit/(loss) from continuing operations.



## Notes to Financial Statements

(₹ in Crores)

### NOTE 2 : SHARE CAPITAL

	As at 31.03.2012	As at 31.03.2011
<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>	<b>100.00</b>
<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.	95.92	95.92
	<b>95.92</b>	<b>95.92</b>

#### a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity Shares	31.03.2012		31.03.2011	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
<b>At the beginning of the year</b>	9,59,19,779	95.92	9,59,19,779	95.92
Add: Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>9,59,19,779</b>	<b>95.92</b>	<b>9,59,19,779</b>	<b>95.92</b>

#### b) Details of Shareholders holding more than 5% Equity Shares in the Company #

Name of Shareholders	31.03.2012		31.03.2011	
	No. of Equity Shares	Percentage holding	No. of Equity Shares	Percentage holding
Equity Shares of ₹ 10/- each				
1. Geetanjali Trading and Investment Private Limited	1,54,92,868	16.15	1,49,22,538	15.56
2. Life Insurance Corporation of India	53,13,232	5.54	56,45,727	5.89

# As per the records of the Company, including its register of members.

#### c) Terms/rights attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

The Board of Directors at its meeting held on 21<sup>st</sup> October, 2011 declared an interim dividend of ₹ 9.50 (Rupees nine and paise fifty only) per equity share of ₹ 10/- each. A final dividend of ₹ 30.50 (Rupees thirty and paise fifty only) per share has been recommended by the Board of Directors at its meeting held on 8<sup>th</sup> May, 2012, subject to the approval by the shareholders at the ensuing Annual General Meeting. If approved, the total dividend (interim and final dividend) for the financial year 2011-12 will be ₹ 40.00 per equity share; ₹ 32/- per equity share was paid as dividend for the previous year. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2012 amounted to ₹ 445.93 crores including corporate dividend tax of ₹ 62.24 crores. (Previous year ₹ 357.05 crores including corporate dividend tax of ₹ 50.11 crores).

As per the Companies Act, 1956, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 3 : RESERVES AND SURPLUS</b>	As at 31.03.2012	As at 31.03.2011
(a) <b>Capital Reserve</b> [₹ 5,000/-, (Previous year ₹ 5,000/-)]	*	*
(b) <b>Capital Redemption Reserve</b>	0.50	0.50
(c) <b>General Reserve</b>		
As per last Balance Sheet	1,278.90	860.80
Add: Transfer from surplus in Statement of Profit and Loss	412.46	418.10
	1,691.36	1,278.90
(d) <b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	600.00	600.00
Add: Net profit after tax transferred from Statement of Profit and Loss	958.39	775.15
Amount available for appropriation	1,558.39	1,375.15
Less: Appropriations		
Dividend on Equity shares:		
- Interim Dividend [Amount per share ₹ 9.50 (Previous year ₹ 8.50)]	91.13	81.53
- Proposed Final Dividend [Amount per share ₹ 30.50 (Previous year ₹ 23.50)]	292.56	225.41
Income Tax on Dividend (includes income tax on proposed dividend)	62.24	50.11
Transfer to General Reserve	412.46	418.10
Closing balance	700.00	600.00
	<b>2,391.86</b>	<b>1,879.40</b>

(₹ in Crores)

<b>NOTE 4 : LONG TERM BORROWINGS</b>	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Deferred payment liabilities @</b>				
<b>Secured</b>				
Financial Institution (Sales tax deferment scheme – State of Uttar Pradesh) #	12.37	17.01	4.64	4.05
<b>Unsecured</b>				
Sales tax deferment scheme – State of Andhra Pradesh ##	40.27	40.70	0.43	-
	52.64	57.71	5.07	4.05
Amount included under the head "other current liabilities" (Refer Note 10)	-	-	(5.07)	(4.05)
	<b>52.64</b>	<b>57.71</b>	<b>-</b>	<b>-</b>

# 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. This interest free loan has a deferment period of 10 years and is repayable in 9 yearly installments starting from May, 2007 as per repayment schedule. Out of the total sales tax deferment loan of ₹ 30.60 crores the Company has already repaid ₹ 13.59 crores till 31<sup>st</sup> March, 2012 and balance amount of ₹ 17.01 crores is repayable in next 4 years upto May, 2015.

## Sales tax deferment - State of Andhra Pradesh represents interest free loan availed under the Sales tax deferment Scheme of the Government of Andhra Pradesh. This interest free loan has a deferment period of 14 years and is repayables in 9 yearly installments starting from April, 2012 as per repayment schedule. The accumulated sales tax deferment loan till 31<sup>st</sup> March, 2012 is ₹ 40.70 crore.

The Company is also eligible to avail interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April, 2010. For the period ended 31<sup>st</sup> March, 2011 the Company has received the eligibility certificate from the Government of Haryana sanctioning an interest free loan of ₹ 3.40 crores on 2nd April, 2012, but the same is yet to be disbursed by them. For the year ended 31<sup>st</sup> March, 2012, the Company is in the process of making necessary application to the Government of Haryana for the issue of eligibility certificate.

@ Default in terms of repayment of principal and interest – NIL.

## Notes to Financial Statements

### NOTE 5 : DEFERRED TAX LIABILITY (NET)

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

The major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31<sup>st</sup> March, 2012 are as follows:

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>Deferred tax liabilities</b>		
Difference between Written Down Value/Capital work-in-progress of fixed assets as per the books of accounts and Income Tax Act, 1961.	(97.24)	(95.95)
Expense claimed for tax purpose on payment basis (Amount paid under protest)	(8.89)	(6.95)
<b>Total deferred tax liabilities</b>	<b>(106.13)</b>	<b>(102.90)</b>
<b>Deferred tax assets</b>		
Provision for expense allowed for tax purpose on payment basis	18.10	19.64
Provision for doubtful debts and advances	5.34	6.25
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income tax over five years)	0.60	0.17
Capital losses carried forward under Income Tax Act, 1961	1.34	1.34
<b>Total deferred tax assets</b>	<b>25.38</b>	<b>27.40</b>
<b>Net deferred tax (liability)</b>	<b>(80.75)</b>	<b>(75.50)</b>
Net Deferred tax liability of earlier years	1.09	1.19
<b>Net Deferred tax (expense) for the year</b>	<b>(4.16)</b>	<b>(26.41)</b>

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>NOTE 6 : OTHER LONG TERM LIABILITIES</b>				
Retention monies relating to capital expenditure	3.02	4.31	20.76	7.80
Trade deposits – interest free	0.60	0.65	0.06	0.08
	3.62	4.96	20.82	7.88
Amount included under the head "Other current liabilities" (Refer Note 10)	-	-	(20.82)	(7.88)
	<b>3.62</b>	<b>4.96</b>	<b>-</b>	<b>-</b>

	(₹ in Crores)			
	Long-term		Short-term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>NOTE 7 : PROVISIONS</b>				
Provision for Employee Benefits (Refer Note 45)				
Provision for Compensated absences	50.13	49.66	5.94	4.20
Provision for Gratuity	-	-	4.14	8.10
Provision for Pension	2.61	2.76	0.46	0.42
Provision for Post retirement medical benefit	1.07	1.22	0.10	0.05
Other benefits	0.10	0.10	-	-
Provision for Excise (Refer Note 41)	1.25	1.15	-	-
Provision for Central Sales Tax/VAT (Refer Note 41)	9.95	8.61	-	-
Proposed Dividend	-	-	292.56	225.41
Provision for Income Tax on Proposed Dividend	-	-	47.46	36.57
Provision for Income Tax (Net)	0.05	2.93	4.41	-
	<b>65.16</b>	<b>66.43</b>	<b>355.07</b>	<b>274.75</b>

## Notes to Financial Statements

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 8 : SHORT TERM BORROWINGS</b>		
<b>(a) Loan repayable on demand from banks ^</b>		
<b>Secured</b>		
Cash Credit Accounts #	-	2.37
<b>Unsecured</b>		
Overdraft – Current account ##	-	1.61
<b>(b) Other loans from banks ^</b>		
<b>Unsecured</b>		
Foreign Currency Loan (Buyers' credit) @	110.51	-
	<b>110.51</b>	<b>3.98</b>

# Secured by hypothecation of inventories and trade receivable and carries interest rate @ 11.50% to 12.50% p.a.

## Overdraft in current account carries interest rate @ 10.75% to 14.5% p.a.

@ Foreign currency loan carries interest @ LIBOR plus 0.50% p.a, repayable on their respective due dates within next 12 months.

^ Default in terms of repayment of principal and interest – NIL.

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 9: TRADE PAYABLES</b>		
<b>Trade Payables (Including Acceptances):</b>	1,069.06	931.89
(Refer Note 38 for details of dues to Micro, Small and Medium Enterprises)		
	<b>1,069.06</b>	<b>931.89</b>

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 10: OTHER CURRENT LIABILITIES</b>		
<b>(a) Current maturities of Long-term borrowings</b> (Refer Note 4)	5.07	4.05
<b>(b) Current portion of Other long-term liabilities</b> (Refer Note 6)	20.82	7.88
<b>(c) Investor Education and Protection Fund #</b>		
(i) Unpaid/ Unclaimed dividend	4.74	4.10
(ii) Unpaid/ Unclaimed matured deposits	-	*
[Current year NIL (previous year ₹ 15,000/-)]		
(iii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	0.04	0.04
	4.78	4.14
<b>(d) Other Payables</b>		
Statutory Payables -		
Payable towards Central Sales Tax and VAT	88.75	64.28
Payable towards Excise and Service tax	14.15	9.42
Payable towards TDS under Income tax	9.07	5.72
Payable towards Provident Fund, Profession Tax and ESIC	2.70	1.96
Payable towards capital expenditure	195.48	91.13
Payable towards Services received	122.69	94.41
Payable towards Stores, spares and consumables	7.98	4.34
Payable to Employees	59.93	57.14
[including ₹ 2.00 crores due to Managing Director (Previous year ₹ 1.50 crores)]		
Payable to Bank towards unamortised premium on forward exchange contracts	1.30	0.01
Interest accrued but not due on borrowings	0.56	-
Provision for other expenses	222.16	202.02
[including ₹ 1.88 crores due to Non-Executive Directors (Previous year ₹ 1.89 crores)]		
	<b>724.77</b>	<b>448.43</b>
	<b>755.44</b>	<b>464.50</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, 2012. These amounts shall be paid to the Fund as and when they become due.



## Notes to Financial Statements

## NOTE 11 : FIXED ASSETS

	(₹ in Crores)											
	Gross Block		Depreciation/Amortisation		Impairment		Net Block					
	As at 01.04.11	Additions during the year	Deductions/ Adjustments	As at 01.04.11	Additions during the year	Deductions/ Adjustments	As at 01.04.11	Additions during the year	Deductions/ Adjustments	As at 31.03.12	As at 31.03.11	
<b>A. Tangible Assets :</b>												
Freehold Land	92.17	0.01	-	-	-	-	-	-	-	-	92.18	92.17
Leasehold Land	95.08	-	-	2.92	1.09	-	4.01	-	-	-	91.07	92.16
Buildings	387.37	1.88	0.14	66.36	11.87	0.06	78.17	-	-	-	310.94	321.01
Plant and Equipment	852.81	28.19	2.39	384.44	66.79	1.80	449.43	0.65	0.15	7.20	421.98	461.67
Assets given on Operating Lease : Tinting systems	8.49	-	0.36	6.34	0.05	0.27	6.12	1.97	0.08	1.89	0.12	0.18
Scientific Research:												
Buildings	37.38	0.21	-	3.39	1.25	-	4.64	-	-	-	32.95	33.99
Equipment	33.22	2.58	0.03	14.66	3.67	(0.30)	18.63	0.48	0.30	0.18	16.96	18.08
Furnitures and Fixtures	29.10	1.85	0.30	15.80	2.74	0.29	18.25	0.90	0.01	0.89	11.51	12.40
Vehicles	1.45	1.06	0.14	1.25	0.32	0.14	1.43	-	-	-	0.94	0.20
Office Equipment	11.10	2.01	0.26	6.09	1.73	0.24	7.58	0.20	0.01	0.19	5.08	4.81
Leasehold improvements	5.06	3.59	-	3.08	1.51	-	4.59	-	-	-	4.06	1.98
<b>Total Tangible Assets</b>	<b>1,553.23</b>	<b>41.38</b>	<b>3.62</b>	<b>504.33</b>	<b>91.02</b>	<b>2.50</b>	<b>592.85</b>	<b>10.25</b>	<b>0.65</b>	<b>10.35</b>	<b>987.79</b>	<b>1,038.65</b>
<b>B. Intangible Assets :</b>												
Trademark	11.92	-	-	11.92	-	-	11.92	-	-	-	-	-
Computer Software	46.07	10.43	-	27.53	7.82	-	35.35	-	-	-	21.15	18.54
Scientific Research :												
Computer Software	-	0.10	-	-	-	-	-	-	-	-	0.10	-
<b>Total Intangible Assets</b>	<b>57.99</b>	<b>10.53</b>	<b>-</b>	<b>39.45</b>	<b>7.82</b>	<b>-</b>	<b>47.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.25</b>	<b>18.54</b>
<b>Total (A+B)</b>	<b>1,611.22</b>	<b>51.91</b>	<b>3.62</b>	<b>543.78</b>	<b>98.84</b>	<b>2.50</b>	<b>640.12</b>	<b>10.25</b>	<b>0.65</b>	<b>10.35</b>	<b>1,009.04</b>	<b>1,057.19</b>
Previous year	1,194.39	445.28	28.45	473.65	94.38	24.25	543.78	13.28	0.10	3.13	1,057.19	

## Notes to Financial Statements

(₹ in Crores)

	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
<b>NOTE 12 : NON-CURRENT INVESTMENTS</b>				
<b>I. Unquoted</b>				
<b>A. Trade Investments:</b>				
<b>Investment in Equity Shares</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) Narmada Clean Tech Ltd. (Previously known as Bharuch Eco-Aqua Infrastructure Ltd.)	4,92,108	10/-	0.49	0.48
(13,838 shares allotted during the year)	(4,78,270)			
			0.53	0.52
<b>B. Other Investments:</b>				
<b>(a) Investment in Equity Shares</b>				
<b>(i) Subsidiary Companies</b>				
(a) Asian Paints Industrial Coatings Ltd.	3,04,50,000	10/-	30.45	30.45
(b) Asian Paints (International) Ltd., Mauritius.	2,39,45,444	US \$ 1	113.07	113.07
<b>Less: Provision For Diminution</b>			(14.04)	(14.04)
			99.03	99.03
(c) Asian Paints (Nepal) Pvt. Ltd., Nepal	10,84,770	NPR 10/-	0.12	0.12
(d) Maxbhumi Developers Ltd.	50,000	10/-	0.05	0.05
(e) Multifacet Infrastructure (India) Ltd.	50,000	10/-	0.05	0.05
(f) AP Coatings Ltd. [Refer Note 47 (a)]	6,50,50,000	10/-	65.05	0.05
(6,50,00,000 shares allotted during the year, of which 5,00,00,000 shares allotted for consideration in kind)	(50,000)			
<b>(ii) Joint Venture</b>				
(a) Asian PPG Industries Ltd.	1,46,25,000	10/-	14.63	14.63
(b) Asian Paints PPG Ltd.	1,25,000	10/-	0.13	-
(1,25,000 shares allotted during the year)				
			14.76	14.63
<b>(iii) Other Entities</b>				
SKH Metals Ltd.	62,500	10/-	0.50	0.50
			210.01	144.88
<b>(b) Investment in Debt Instruments</b>				
7.93% Rural Electrification Corporation Ltd. tax free bonds 2022.	1,22,476	1,000/-	12.25	-
(1,22,476 units allotted during the year)				
<b>(c) Investment in Government Securities</b>				
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities			*	*
[₹ 39,500/- (Previous year ₹ 39,500/-)]				
<b>Total Non-Current Unquoted Investments (I)</b>			<b>222.79</b>	<b>145.40</b>

## Notes to Financial Statements

(₹ in Crores)

NOTE 12 : NON-CURRENT INVESTMENTS (Contd.)	Nos.	Face value (₹)	As at	
			31.03.2012	31.03.2011
<b>II. Quoted</b>				
<b>Other Investments</b>				
<b>(i) Investment in Equity Shares</b>				
Akzo Nobel India Ltd. [Formerly ICI (India) Ltd.]	20,10,626	10/-	41.30	41.30
Housing Development Finance Corporation Ltd.	4,65,000	2/-	0.12	0.12
Apcotex Industries Ltd.	3,418	10/-	0.01	0.01
<b>(ii) Investment in Mutual Funds</b>				
Canara Robeco Fixed Maturity Plan Series 6-13 Month - Plan B - Growth	(1,00,00,000)	10/-	-	10.00
HDFC Fixed Maturity Plan 370D March 2011(5) - Growth - Series XVI	(1,00,00,000)	10/-	-	10.00
UTI Fixed Term Income Fund Series XI-II (400 days) Growth	50,00,000	10/-	5.00	-
JP Morgan Fixed Maturity Plan Series 6 Growth	1,00,00,000	10/-	10.00	-
<b>Total Non-Current Quoted Investments (II)</b>			<b>56.43</b>	<b>61.43</b>
<b>Total Non-Current Investments (I) + (II)</b>			<b>279.22</b>	<b>206.83</b>
Aggregate market value of Non-Current Quoted Investments:			210.08	218.75

Figures in brackets indicate that of previous year.

(₹ in Crores)

NOTE 13 : LOANS AND ADVANCES	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>A. Secured and Considered good:</b>				
Capital Advances #	111.67	23.22	-	-
<b>B. Unsecured and Considered good:</b>				
(a) Capital Advances	112.79	4.43	-	-
(b) Sundry deposits	24.98	20.46	12.93	6.61
(c) Loans and advances to related parties				
i) Amount due from subsidiaries				
- Interest free loan - Maxbhumi Developers Limited (Wholly owned subsidiary)	14.21	14.16	-	-
ii) Advance contribution to Provident Fund trust	-	-	1.35	-
iii) Advance contribution to Superannuation Fund trust	-	-	0.12	-
(d) Other loans and advances				
i) Advances/claims recoverable in cash or in kind	30.46	24.00	100.97	61.48
ii) Advance payment of Income Tax (Net)	17.23	11.51	-	-
iii) Balances with Government authorities				
- CENVAT credit receivable	-	-	31.97	13.23
- Service tax credit receivable	-	-	4.36	2.31
iv) Advances to employees	-	-	1.99	1.16
	311.34	97.78	153.69	84.79
<b>C. Unsecured and Considered doubtful:</b>				
<b>Other loans and advances</b>				
Advances/claims recoverable in cash or in kind	-	-	2.03	2.68
Less: Provision for doubtful advances/claims recoverable in cash or in kind	-	-	(2.03)	(2.68)
	-	-	-	-
	<b>311.34</b>	<b>97.78</b>	<b>153.69</b>	<b>84.79</b>

# Secured against bank guarantee.

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 14 : CURRENT INVESTMENTS</b>	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
<b>Quoted</b>				
<b>Investments in Mutual Funds:</b>				
ICICI Prudential Fixed Maturity Plan Series 51-15 Months Plan E (50,00,000 units matured during the year)	-	10/-	-	5.00
KOTAK Fixed Maturity Plan Series 6 - Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan Series Y - Growth (50,00,000 units matured during the year)	-	10/-	-	10.00
RELIANCE Fixed Horizon Fund - XIV - Series 1 - Growth Plan (2,00,00,000 units matured during the year)	-	10/-	-	20.00
ICICI Prudential Fixed Maturity Plan Series 51 - 13 Months Plan C (50,00,000 units matured during the year)	-	10/-	-	5.00
RELIGARE Fixed Maturity Plan - Series II Plan B 15 Months -Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
DWS Fixed Term Fund - Series 71 - Growth Plan (1,00,00,000 units matured during the year)	-	10/-	-	10.00
SUNDARAM Fixed Term Plan AN 367 Days (50,00,000 units matured during the year)	-	10/-	-	5.00
IDFC Fixed Maturity Yearly Series 33 - Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan AO 367 Days (50,00,000 units matured during the year)	-	10/-	-	5.00
RELIANCE Fixed Horizon Fund - XVI-Series 1 - Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
UTI Fixed Maturity Plan-Yearly Fixed Maturity Plan Series Institutional Growth(12/10) (50,00,000 units matured during the year)	-	10/-	-	5.00
BIRLA SUN LIFE Fixed Term Plan Series CK Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
IDFC Fixed Maturity Yearly Series 35 Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan AV 366 Days Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
BIRLA SUN LIFE Fixed Term Plan-Series CM Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
RELIGARE Fixed Maturity Plan Series V Plan A 368 Days Growth Plan (1,00,00,000 units matured during the year)	-	10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan A Cumulative (1,00,00,000 units matured during the year)	-	10/-	-	10.00
IDFC Fixed Maturity Yearly Series 36 Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
SUNDARAM Fixed Term Plan AW 366 Days Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan B Cumulative (1,00,00,000 units matured during the year)	-	10/-	-	10.00



## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 14 : CURRENT INVESTMENTS (Contd.)</b>	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
JM Fixed Maturity Fund Series XIX Plan A-Growth Plan 412	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
KOTAK Fixed Maturity Plan Series 37- Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
IDFC Fixed Maturity Yearly Series 37 - Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
RELIGARE Fixed Maturity Plan-Series V - Plan E 370 Days - Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
SUNDARAM Fixed Term Plan AX 366 Days Growth (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
SBI Debt Fund Series - 370 Days - 10 Growth (1,10,00,000 units matured during the year)	-	-	-	11.00
(1,10,00,000 units matured during the year)	(1,10,00,000)	10/-	-	-
IDFC Fixed Maturity Plan - Yearly Series 41 - Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan A Cumulative (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
ICICI Prudential Fixed Maturity Plan Series 56 - 1 Year Plan B Cumulative (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
RELIGARE Fixed Maturity Plan Series VI - Plan D - 370 Days - Growth Plan (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
KOTAK Fixed Maturity Plan Series 40 - Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
KOTAK Fixed Maturity Plan Series 42 - Growth (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
IDFC Fixed Maturity Plan - Yearly Series 42 - Growth (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
RELIGARE Fixed Maturity Plan Series VI - Plan E-367 Days - Growth Plan (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
BIRLA SUN LIFE Fixed Term Plan Series CW Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
TATA Fixed Maturity Plan Series 31 Scheme C - Growth (50,00,000 units matured during the year)	-	-	-	5.00
(50,00,000 units matured during the year)	(50,00,000)	10/-	-	-
UTI Fixed Term Income Fund Series IX - I (367 Days) - Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
UTI Fixed Term Income Fund Series VII - V (366 Days) (2,00,00,000 units matured during the year)	-	-	-	20.00
(2,00,00,000 units matured during the year)	(2,00,00,000)	10/-	-	-
SUNDARAM Fixed Term Plan BA 366 Days Growth (1,00,00,000 units matured during the year)	-	-	-	10.00
(1,00,00,000 units matured during the year)	(1,00,00,000)	10/-	-	-
IDFC Fixed Maturity Plan Yearly Series 53 - Growth	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	-
HDFC Fixed Maturity Plan 370D March 2011(5) - Growth - Series XVI	1,00,00,000	10/-	10.00	-

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 14 : CURRENT INVESTMENTS (Contd.)</b>	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
ICICI Fixed Maturity Plan Series 56 1 Year Plan E Cumulative	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan BN 366 days Growth	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Plan Yearly Series 52 Growth	2,00,00,000	10/-	20.00	-
SUNDARAM Fixed Term Plan CA 366 days Growth	1,00,00,000	10/-	10.00	-
RELIGARE Fixed Maturity Plan Series X Plan E (371 Days) - Growth Plan	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Plan Yearly Series 54 Growth	1,00,00,000	10/-	10.00	-
IDFC Fixed Maturity Plan Yearly Series 57 Growth	50,00,000	10/-	5.00	-
DWS Fixed Term Fund - Series 94 - Growth Plan	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 60 - 1 year Plan F Cumulative	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan CC 366 days Growth	50,00,000	10/-	5.00	-
KOTAK Fixed Maturity Plan Series 68 - Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan - Series 23 -12 Month - Growth	50,00,000	10/-	5.00	-
SBI Debt Fund Series-367 Days - 13 - Growth	1,00,00,000	10/-	10.00	-
BIRLA SUN LIFE Fixed Term Plan Series EE Growth	40,00,000	10/-	4.00	-
TATA Fixed Maturity Plan Series 38 Scheme 1 - Growth	1,00,00,000	10/-	10.00	-
TATA Fixed Maturity Plan Series 39 Scheme A - Growth	50,00,000	10/-	5.00	-
SUNDARAM Fixed Term Plan CJ 366 Days Growth	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 61 - 1year Plan A cumulative	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 32 - 12 Month Growth	50,00,000	10/-	5.00	-
UTI Fixed Term Income Fund-Series X - VII (368 Day)	50,00,000	10/-	5.00	-
SBI Debt Fund Series - 367 Days - 16 - Growth	50,00,000	10/-	5.00	-
TATA Fixed Maturity Plan Series 39 scheme D - Growth	50,00,000	10/-	5.00	-
TATA Fixed Maturity Plan Sereis 39 Scheme E - Growth	50,00,000	10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan Series EI Growth	50,00,000	10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan Series EM Growth	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 62 - 1 year Plan B cumulative	40,00,000	10/-	4.00	-
RELIGARE Fixed Maturity Plan Series X11 - PLAN C (368 DAYS) Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 34 - 12 Month Growth	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Yearly Series 48 Growth	50,00,000	10/-	5.00	-
HDFC Fixed Maturity Plan 370D FEB12 - Growth (2) Series XXI Growth	50,00,000	10/-	5.00	-
DWS Fixed Maturity Plan Series 5 Growth Plan	50,00,000	10/-	5.00	-
KOTAK Fixed Maturity Plan Series 75 - Growth	50,00,000	10/-	5.00	-
UTI Fixed Income Fund- Series X-VIII (368 Days) Growth	1,00,00,000	10/-	10.00	-
RELIANCE Fixed Horizon Fund-XXI - Series 6 Growth	50,00,000	10/-	5.00	-
RELIANCE Fixed Horizon Fund-XXI - Series 8 Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 31 - 12 Month Growth	50,00,000	10/-	5.00	-
HDFC Fixed Maturity Plan 370D FEB12 - Growth (3) Series XXI Growth	50,00,000	10/-	5.00	-
<b>Total Quoted Current Investments</b>			<b>263.00</b>	<b>341.00</b>

1. Figures in brackets indicate that of previous year.

## Notes to Financial Statements

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 15 : INVENTORIES</b>		
(a) Raw materials	388.08	330.21
Raw materials-in-transit	69.75	85.97
	457.83	416.18
(b) Packing materials	28.75	27.03
(c) Finished goods	687.21	538.66
Finished goods-in-transit	0.77	0.84
	687.98	539.50
(d) Work-in-progress	51.30	57.86
(e) Stores, spares and consumables	27.53	22.02
(f) Stock-in-trade (acquired for trading)	11.03	9.17
	<b>1,264.42</b>	<b>1,071.76</b>

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 16 : TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
(a) Overdue for more than six months		
Considered good	0.71	1.65
Considered doubtful	4.26	6.71
	4.97	8.36
(b) Others		
Considered good	499.53	353.91
Considered doubtful	0.49	0.02
	500.02	353.93
	504.99	362.29
Less: Provision for doubtful trade receivables	4.75	6.73
	<b>500.24</b>	<b>355.56</b>

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 17 : CASH AND BANK BALANCES</b>		
<b>A. Cash and Cash equivalents</b>		
(a) Cash on hand	0.06	0.13
(b) Balances with Banks:		
(i) Current Accounts	27.02	-
(ii) Cash Credit Account	0.22	-
(iii) Cheques on hand	47.32	17.66
(iv) Deposit with bank	50.00	-
	124.56	17.66
(c) Investment in liquid mutual funds #	371.58	476.93
(d) Others		
Investment in Fixed Deposit :		
Housing Development Finance Corporation Limited	-	10.00
<b>B. Other Bank balances</b>		
(i) Margin money deposit	0.03	0.19
(ii) Unpaid dividend	4.74	4.10
	4.77	4.29
	<b>500.97</b>	<b>509.01</b>

Notes to Financial Statements

(₹ in Crores)

# Investment in liquid mutual funds	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
<b>Unquoted</b>				
<b>Investments in Mutual Funds:</b>				
BIRLA SUN LIFE Savings Fund - Institutional - Growth (2,43,51,414.831 units sold during the year)	- (2,43,51,414)	10/-	-	45.42
ICICI Prudential Flexible Income Plan Premium - Growth (27,24,948.901 units sold during the year)	- (27,24,948)	100/-	-	49.80
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth (32,74,568.13 units sold during the year)	- (32,74,568)	10/-	-	3.81
RELIGARE Ultra Short Term Fund - Institutional Growth (2,84,667.924 units sold during the year)	- (2,84,667)	1,000/-	-	38.47
TATA Floater Fund - Growth (6,37,80,016.607 units sold during the year)	- (6,37,80,016)	10/-	-	93.53
SBI-SHF-Ultra Short Term Fund-Institutional Plan - Growth (3,91,18,075.661 units sold during the year)	- (3,91,18,075)	10/-	-	50.06
TEMPLETON India Ultra Short Bond Super Institutional Growth Plan (7,70,44,051.05 units sold during the year)	- (7,70,44,051)	10/-	-	97.55
BIRLA SUN LIFE Short Term Opportunities Fund -Institutional Growth (89,66,221.89 units sold during the year)	- (89,66,221)	10/-	-	10.04
CANARA ROBECO Treasury Advantage Super Institutional Growth Fund (47,36,766.547 units sold during the year)	- (47,36,766)	10/-	-	7.03
SUNDARAM Ultra Short Term Fund Super Institutional Growth (1,05,64,676.783 units sold during the year)	- (1,05,64,676)	10/-	-	14.00
KOTAK Floater Long Term-Growth (3,47,80,368.271 units sold during the year)	- (3,47,80,368)	10/-	-	54.19
UTI Treasury Advantage Fund-Institutional Plan - Growth Option (98,721.654 units sold during the year)	- (98,721)	1,000/-	-	13.03
BIRLA SUN LIFE Short Term Fixed Maturity Plan Series 29 Growth	1,00,00,000	10/-	10.00	-
UTI Money Market Fund - Institutional Growth Plan	48,966	1,000/-	5.88	-
BIRLA Cash Plus - Institutional Premium Plan Dividend	8,28,521	100/-	14.23	-
JM High Liquidity Fund - Super Institutional Plan	60,34,764	10/-	10.14	-
			40.25	476.93
<b>Quoted</b>				
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale Daily Dividend	2,93,21,525	10/-	69.00	-
TEMPLETON India Ultra Short Bond Super Institutional Growth (Quoted during the year)	7,84,45,041	10/-	108.98	-
TATA Fixed Income Portfolio Fund C2 Institutional Growth	47,82,126	10/-	5.00	-
HDFC Liquid Fund - Premium Plan - Growth	1,07,13,211	10/-	23.01	-
IDFC Ultra Short Term Fund Growth	5,19,77,882	10/-	77.03	-
RELIANCE Liquidity Fund Growth Option	2,99,12,320	10/-	48.31	-
			331.33	-
			371.58	476.93

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 18 : OTHER CURRENT ASSETS</b>	As at 31.03.2012	As at 31.03.2011
Interest accrued on investments	0.44	0.17
Period end quantity discount receivable	65.58	69.58
Royalty receivable	10.37	9.29
Income tax refund receivable	0.65	4.60
Due from Subsidiaries	10.25	2.30
Due from Joint Venture	4.08	4.20
Duty Drawback receivable	0.88	1.03
Insurance claim receivable	1.72	0.27
Unamortised premium on forward exchange contracts	1.30	0.01
	<b>95.27</b>	<b>91.45</b>

(₹ in Crores)

<b>NOTE 19 : REVENUE FROM OPERATIONS</b>	Year 2011-12	Year 2010-11
<b>(a) Sale of products:</b>		
Home Market (Net of Returns)	9,031.81	7,170.84
Exports	32.48	31.14
Turnover	9,064.29	7,201.98
Less: Discounts	371.16	284.93
<b>Sale of products (Net of Discounts)</b>	<b>8,693.13</b>	<b>6,917.05</b>
<b>(b) Revenue from services:</b>		
Revenue from Home Solutions operations	15.17	12.66
<b>(c) Other operating revenues:</b>		
Processing and service income	34.64	23.46
Scrap sales	4.74	4.41
Lease rent	0.08	0.14
	<b>39.46</b>	<b>28.01</b>
	<b>8,747.76</b>	<b>6,957.72</b>



## Notes to Financial Statements

(₹ in Crores)

	Year 2011-12	Year 2010-11
<b>NOTE 20 : OTHER INCOME</b>		
(a) Interest (Refer Note 37)		
(i) From Current investments	1.03	0.24
(ii) From others	1.49	5.66
[TDS ₹ 0.10 crores (Previous year ₹ 0.10 crores)]	2.52	5.90
(b) Insurance claims received	0.40	0.03
(c) Dividend received		
(i) From Non-Current investments		
- From subsidiary companies (Refer Note 39)	16.85	1.02
[(TDS ₹ 0.05 crores (Previous year ₹ 0.05 crores))		
- Other investments	4.04	3.56
(ii) From Current investments	36.53	31.49
	57.42	36.07
(d) Royalty	20.47	15.78
(TDS ₹ 3.07 crores - previous year ₹ 2.76 crores)		
(e) Profit on sale of long term investments (Net) #	32.46	-
(f) Profit on sale of short term investments (Net)	0.83	0.45
(g) Profit on sale of fixed assets (Net)	-	1.87
(h) Net gain on foreign currency transactions and translations (Other than considered as finance cost)	-	0.79
(i) Other non-operating income	27.39	14.01
	<b>141.49</b>	<b>74.90</b>

# As at 31<sup>st</sup> March, 2011, these long term investments are classified under Current investments as their maturity period is less than 12 months.

(₹ in Crores)

	Year 2011-12	Year 2010-11
<b>NOTE 21:</b>		
<b>(A) COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	416.18	280.10
Add: Purchases	4,065.19	3,218.00
	4,481.37	3,498.10
Less: Closing Stock	457.83	416.18
	4,023.54	3,081.92
<b>Packing Materials Consumed</b>		
Opening Stock	27.03	16.18
Add: Purchases	700.92	610.85
	727.95	627.03
Less: Closing Stock	28.75	27.03
	699.20	600.00
<b>TOTAL COST OF MATERIALS CONSUMED</b>	<b>4,722.74</b>	<b>3,681.92</b>
<b>(B) PURCHASES OF STOCK-IN-TRADE</b>	<b>120.41</b>	<b>105.56</b>

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 21 (Contd.)</b>	Year 2011-12	Year 2010-11
<b>(C) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Stock at the beginning of the year</b>		
Finished Goods	539.50	401.37
Work-in-Progress	57.86	39.51
Stock-in-trade	9.17	8.11
<b>Total</b>	<b>606.53</b>	<b>448.99</b>
<b>Stock at the end of the year</b>		
Finished Goods	687.98	539.50
Work-in-Progress	51.30	57.86
Stock-in-trade	11.03	9.17
<b>Total</b>	<b>750.31</b>	<b>606.53</b>
Changes in inventories	(143.78)	(157.54)
Increase/(Decrease) in Excise duty on finished goods	28.71	16.93
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	<b>(115.07)</b>	<b>(140.61)</b>

(₹ in Crores)

<b>NOTE 22 : EMPLOYEE BENEFITS EXPENSE</b>	Year 2011-12	Year 2010-11
Salaries and wages	293.23	257.22
Contribution to Provident and other Funds (Refer Note 45)	24.61	25.13
Staff welfare expenses	23.79	18.10
	<b>341.63</b>	<b>300.45</b>

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 23 : OTHER EXPENSES</b>	Year 2011-12	Year 2010-11
Consumption of Stores, spares and consumables	23.48	24.99
Power and fuel	74.29	65.98
Processing charges	49.18	41.67
Repairs and Maintenance:		
Buildings	6.33	8.16
Machinery	9.18	8.61
Other assets	19.35	17.79
	34.86	34.56
Rent	72.13	50.36
Rates and taxes	19.70	14.56
Water charges	2.67	2.63
Insurance	5.34	4.70
Printing, stationery and communication expenses	31.70	24.57
Travelling expenses	41.25	33.69
Donations	0.87	1.87
Commission to Non-Executive Directors	1.88	1.89
Directors' sitting fees	0.25	0.17
Auditors' remuneration (Refer Note 26)	1.19	1.11
Bank charges	0.49	0.99
Net loss on foreign currency transactions and translations (Other than considered as finance cost)	26.34	-
Premium on forward exchange contract amortized	0.72	0.58
Information technology expenses	18.69	11.18
Legal and professional expenses	10.90	11.14
Training and recruitment	8.42	6.55
Freight and handling charges	346.50	269.22
Advertisement and sales promotional expenses	338.59	282.35
Cash discount	369.03	291.82
Bad debts written off	2.96	1.43
Provision for doubtful debts and advances	(1.50)	(0.19)
Loss on sale of fixed assets (Net)	0.10	-
Miscellaneous expenses	62.67	53.68
	<b>1,542.70</b>	<b>1,231.50</b>

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 24: FINANCE COSTS</b>	2011-2012	2010-2011
Interest on Bank borrowings	0.80	0.54
Interest on Bill discounting	24.22	11.69
Interest on Foreign Currency Loans	1.21	-
Net loss on Foreign Currency Transactions and Translations (Buyers' Credit)	3.43	-
Other Interest *	1.16	3.12
<b>Total</b>	<b>30.82</b>	<b>15.35</b>

\* Note: Other interest includes ₹ 0.49 crores on account of interest on short payment of advance tax and ₹ 0.22 crores on account of completion/disposal of various income tax assessments/appeals during the year (Previous year ₹ 3.00 crores)

**NOTE 25: CONTINGENT LIABILITIES AND COMMITMENTS**

(₹ in Crores)

<b>a) Contingent Liabilities</b>	As at 31.03.2012	As at 31.03.2011
1. Guarantee given on behalf of Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems.	2.49	5.33
2. Corporate guarantees issued by the Company to certain banks on behalf of some of its subsidiaries (converted to Letter of Comfort/ Support during the year)	-	130.60
3. Letters of comfort/support to banks on behalf of some of its subsidiaries, limited to: The Company has also issued a letter to the board of a subsidiary informing its commitment to continue extending letters of comfort for banking facilities as included in the above for a period upto 15 <sup>th</sup> May, 2013.	207.70	63.11
4. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	63.15	59.63
ii. Others	7.38	6.11

(₹ in Crores)

<b>b) Commitments:</b>	As at 31.03.2012	As at 31.03.2011
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	341.69	298.81
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31 <sup>st</sup> March, 2012. [Pertaining to capital goods in current year - ₹ 93.40 crores (Previous year - ₹ 0.05 crores)]	162.96	54.86
3. 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 forward exchange contract outstanding as at 31<sup>st</sup> March, 2012 is as under:-

As at 31.03.2012				As at 31.03.2011			
Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)	Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
USD	31	21.07	109.54	USD	16	2.32	10.39

(₹ in Crores)

<b>NOTE 26: AUDITORS' REMUNERATION</b>	2011-2012	2010-2011
Statutory audit fee	0.84	0.84
Taxation matters	0.09	0.06
Certification fees and other services	0.23	0.15
For reimbursement of expenses	0.03	0.06
<b>Total</b>	<b>1.19</b>	<b>1.11</b>

## Notes to Financial Statements

(₹ in Crores)

<b>NOTE 27: RAW MATERIALS CONSUMED</b>	2011-2012	2010-2011
Pigments, Extenders, Minerals etc.	1,522.65	1,098.57
Additives	646.65	491.26
Solvents	472.57	390.15
Resins	179.84	181.59
Oils	315.29	244.86
Ortho Xylene	192.59	143.77
Monomers	521.73	384.99
Others	172.22	146.73
<b>Total</b>	<b>4,023.54</b>	<b>3,081.92</b>

**NOTE 28:** Purchase of stock-in-trade includes putty, distemper, colour world machines and other miscellaneous sales promotional items.

**NOTE 29: STOCK AND TURNOVER**

(₹ in Crores)

<b>Products*</b>	<b>Sales Value</b>	<b>Closing Inventory</b>	<b>Opening Inventory</b>
<b>a) Manufactured Goods</b>			
Paints, Enamels and Varnishes	8,702.30 (6,949.08)	676.90 (528.92)	528.92 (393.17)
Others	129.31 (86.37)	11.08 (10.58)	10.58 (8.20)
<b>b) Traded Goods</b>	232.68 (166.53)	11.03 (9.17)	9.17 (8.11)
<b>Total</b>	<b>9,064.29</b> (7,201.98)	<b>699.01</b> (548.67)	<b>548.67</b> (409.48)

\* Figures in brackets refers to previous year.

(₹ in Crores)

<b>NOTE 30: STOCK OF WORK-IN-PROGRESS</b>	As at 31.03.2012	As at 31.03.2011
Paints, Enamels and Varnishes	49.39	56.62
Others	1.91	1.24
<b>Total</b>	<b>51.30</b>	<b>57.86</b>

(₹ in Crores)

<b>NOTE 31: CIF VALUE OF IMPORTS</b>	2011-2012	2010-2011
a) Raw Materials	957.94	741.85
b) Stores and Spares	6.22	5.61
c) Capital goods	143.45	6.83
d) Others	-	0.38



## Notes to Financial Statements

### NOTE 32: Value of Imported and Indigenous Raw Materials and Spares Consumed and percentage of each to Total Consumption:

	2011-2012		2010-2011	
	(₹ in Crores)	% to Total	(₹ in Crores)	% to Total
<b>a) Raw materials:</b>				
Imported	1,029.06	25.58	735.36	23.86
Indigenous (including value of consumption of imported raw materials purchased through indigenous sources)	2,994.48	74.42	2,346.56	76.14
<b>Total</b>	<b>4,023.54</b>	<b>100.00</b>	<b>3,081.92</b>	<b>100.00</b>
<b>b) Stores and spares:</b>				
Imported	0.65	3.00	4.10	16.40
Indigenous	22.83	97.00	20.89	83.60
<b>Total</b>	<b>23.48</b>	<b>100.00</b>	<b>24.99</b>	<b>100.00</b>

### NOTE 33: NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	2011-2012			2010-2011		
	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 2009-2010	-	-	-	17	30,374	0.06
Interim Dividend 2010-2011	-	-	-	17	30,374	0.03
Final Dividend 2010-2011	16	29,914	0.07	-	-	-
Interim Dividend 2011-2012	16	29,914	0.03	-	-	-

(₹ in Crores)

### NOTE 34: EXPENDITURE IN FOREIGN CURRENCY

	2011-2012	2010-2011
a) Annual maintenance for software	1.84	0.92
b) Professional fee	2.53	1.26
c) Shade cards and other sales promotional items	13.15	4.11
d) Travelling and Training Expenses	1.53	1.40
e) Royalty	7.76	5.51
f) Others	3.32	3.05
<b>Total</b>	<b>30.13</b>	<b>16.25</b>

(₹ in Crores)

### NOTE 35: EARNINGS IN FOREIGN CURRENCY

	2011-2012	2010-2011
a) Export of own products at FOB value	21.16	23.81
b) Export of traded goods at FOB value	0.37	0.75
c) Royalty (Includes TDS of ₹ 2.48 crores) (TDS of previous year - ₹ 2.08 crores)	14.54	12.63
d) Other receipts including recoveries from subsidiaries	6.18	6.76
<b>Total</b>	<b>42.25</b>	<b>43.95</b>

## Notes to Financial Statements

**NOTE 36: The Company has incurred following expenditure on Research and Development** (₹ in Crores)

<b>a) Revenue Expenditure</b>	2011-2012	2010-2011
Employee Cost	22.22	18.15
Depreciation on Equipment and Building	5.18	5.17
Travelling Expenditure	1.19	0.92
Testing and Laboratory Expenditure	1.11	0.64
Power and fuel	1.89	1.71
Stores and Spares	0.45	0.57
Repairs and Maintenance	0.71	0.65
Materials Consumed	0.42	0.42
Others	4.08	4.02
Foreign Exchange (gain)/loss	(0.01)	(0.02)
<b>Total</b>	<b>37.24</b>	<b>32.23</b>

(₹ in Crores)

<b>b) Capital Expenditure</b>	2011-2012	2010-2011
- For Turbhe Research and Development facility	5.73	2.41
- For Cochin Research and Development activity (Land and civil work)	0.76	1.26
<b>Total</b>	<b>6.49</b>	<b>3.67</b>

**NOTE 37.** Interest income includes interest received of ₹ 1.11 crores on account of completion/disposal of various assessments/appeals during the year (Previous year – ₹ 5.05 crores)

**NOTE 38. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2011-12, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act.**

(₹ in Crores)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
(i) Principal amount remaining unpaid (but within due date as per the MSMED Act)	3.35	3.81
(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	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**NOTE 39.** Dividend received from subsidiary companies includes ₹ 15.83 crores received from Asian Paints (International) Ltd. Mauritius (wholly owned subsidiary of the Company) (Previous year – NIL)

**NOTE 40. 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.**

## Notes to Financial Statements

The foreign currency exposure not hedged as at 31<sup>st</sup> March, 2012 are as under:

Currency	Payable		Receivable		Payable		Receivable	
	(In millions FC)		(In millions FC)		(` in Crores)		(` in Crores)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
USD	29.82	24.14	6.42	5.60	151.72	107.64	32.68	24.96
EUR	2.31	1.07	0.01	0.01	15.72	6.76	0.05	0.05
SGD	0.05	0.03	0.31	0.28	0.19	0.10	1.26	0.98
GBP	0.04	0.28	-	-	0.31	1.99	-	-
SEK	8.93	1.67	-	-	6.98	1.19	-	-
Others	-	-	-	-	1.34	0.35	-	0.26
					<b>176.26</b>	<b>118.03</b>	<b>33.99</b>	<b>26.25</b>

**NOTE 41: 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, 2012 is as follows:**

(` in Crores)

	Provision for Excise *		Provision for Sales tax *	
	2011-2012	2010-2011	2011-2012	2010-2011
Opening Balance	1.15	1.36	8.61	8.11
Additions	0.10	0.04	1.34	0.50
Utilizations	-	(0.25)	-	-
Reversals	-	-	-	-
<b>Closing Balance</b>	<b>1.25</b>	<b>1.15</b>	<b>9.95</b>	<b>8.61</b>

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

**NOTE 42: Disclosure as per Clause 32 of the Listing Agreement entered into with the Stock Exchanges:**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the party	Relationship	Amount outstanding as at 31.03.2012*	Maximum balance outstanding during the year*
Maxbhumi Developers Limited	Wholly Owned Subsidiary	14.21 (14.16)	14.21 (14.16)

\* Figures in brackets refers to previous year.

**NOTE 43:**

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

- 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.
- Future minimum lease rentals receivable as at 31<sup>st</sup> March, 2012 as per the lease agreements:

	(` in Crores)	
	As at 31.03.2012	As at 31.03.2011
i) Not later than one year	0.08	0.09
ii) Later than one year and not later than five years	0.12	0.20
iii) Later than five years	-	-
<b>Total</b>	<b>0.20</b>	<b>0.29</b>

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.

- Total amount of contingent rents recognised as income – NIL. (Previous year – NIL)
- The initial direct cost relating to acquisition of tinting system is capitalised.
- The information on gross amount of leased assets, depreciation and impairment is given in Note 11 of Notes to Accounts.

## Notes to Financial Statements

- 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, 2012 as per the lease agreements:

	(₹ in Crores)	
	2011-2012	2010-2011
i) Not later than one year	4.96	4.53
ii) Later than one year and not later than five years	6.53	7.20
iii) Later than five years	-	-
<b>Total</b>	<b>11.49</b>	<b>11.73</b>

- c) Lease payments recognised in the Statement of Profit or Loss for the period are ₹ 5.13 crores. (Previous year ₹ 4.78 crores).

**NOTE 44:** Pursuant to Accounting Standard (AS 27) – Financial Reporting of Interests in Joint Venture, the disclosures relating to the two Joint Ventures viz., Asian PPG Industries Limited and Asian Paints PPG Ltd. (both hereinafter referred to as JV) are as follows:

- a) The proportion of interest of the Company in the JV is by way of equal equity participation with PPG Industries Securities Inc., U.S.A.
- b) The aggregate amount of interests in the JV as at 31<sup>st</sup> March, 2012 is as follows:

(₹ in Crores)

Name of the Company	% of Shareholding	Amount of interest based on accounts for the year ended 31 <sup>st</sup> March, 2012*					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Asian PPG Industries Ltd.	50%	239.71	121.29	344.21	330.81	11.22	3.73
		(192.03)	(86.96)	(295.68)	(278.87)	(6.71)	(1.22)
Asian Paints PPG Ltd.	50%	0.11	0.02	-	0.04	-	-
		(-)	(-)	(-)	(-)	(-)	(-)

\* Figures in brackets indicate that of previous year.

- c) No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2012 in relation to the Company's interests in the JV along with the other venture (Previous year ₹ Nil).

### NOTE 45: Employee Benefits

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

The liability towards short term employee benefits for the year ended 31<sup>st</sup> March, 2012 has been recognised in the Statement of Profit and Loss.

#### (2) Post-employment benefits:

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

#### (a) Gratuity, Pension and Post Retirement Medical Benefit Plans :

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>Amount recognised in Balance Sheet</b>						
Present value of funded obligations	84.15	77.32	-	-	-	-
Fair value of plan assets	(80.01)	(69.22)	-	-	-	-
Present value of unfunded obligations	-	-	3.07	3.18	1.17	1.27
<b>Net Liability/(Asset)</b>	<b>4.14</b>	<b>8.10</b>	<b>3.07</b>	<b>3.18</b>	<b>1.17</b>	<b>1.27</b>
Amounts in Balance Sheet						
Liability	4.14	8.10	3.07	3.18	1.17	1.27
Assets	-	-	-	-	-	-
<b>Net Liability/(Asset)</b>	<b>4.14</b>	<b>8.10</b>	<b>3.07</b>	<b>3.18</b>	<b>1.17</b>	<b>1.27</b>

## Notes to Financial Statements

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>Expense Recognised in the Statement of Profit and Loss</b>						
Opening defined benefit obligation less benefits paid	-	-	-	-	-	-
Current service cost	7.43	5.42	0.07	0.06	0.04	0.04
Interest on defined benefit obligation	6.71	5.93	0.25	0.25	0.11	0.09
Expected return on plan assets	(6.07)	(4.43)	-	-	-	-
Net actuarial losses/(gains) recognized in year	(2.44)	3.17	(0.02)	0.13	(0.19)	0.09
Past service cost	3.52	-	-	-	-	-
<b>Total, included in "Employee Benefit Expense"</b>	<b>9.15</b>	<b>10.09</b>	<b>0.30</b>	<b>0.44</b>	<b>(0.04)</b>	<b>0.22</b>
Actual return on plan assets	6.39	4.28	-	-	-	-
<b>Reconciliation of benefit obligations and plan assets for the Period</b>						
<b>Change in defined benefit obligation</b>						
<b>Opening 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>
Current service cost	7.43	5.42	0.07	0.06	0.04	0.04
Interest cost	6.71	5.93	0.25	0.25	0.11	0.09
Actuarial losses/(gain)	(2.13)	3.02	(0.02)	0.13	(0.19)	0.09
Past Service Cost	3.52	-	-	-	-	-
Benefits paid	(8.70)	(5.55)	(0.42)	(0.42)	(0.05)	(0.05)
<b>Closing defined benefit obligation</b>	<b>84.15</b>	<b>77.32</b>	<b>3.06</b>	<b>3.18</b>	<b>1.18</b>	<b>1.27</b>
<b>Change in fair value of assets</b>						
<b>Opening fair value of plan assets</b>	<b>69.22</b>	<b>57.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expected return on plan assets	6.07	4.43	-	-	-	-
Actuarial gain/(losses)	0.32	(0.15)	-	-	-	-
Contributions by employer	13.10	12.90	0.42	0.42	0.05	0.05
Benefits paid	(8.70)	(5.55)	(0.42)	(0.42)	(0.05)	(0.05)
<b>Closing fair value of plan assets</b>	<b>80.01</b>	<b>69.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Assets information -**

<b>Category of assets</b>	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Government of India securities	53%	52%	-	-	-	-
Corporate bonds	44%	38%	-	-	-	-
Equity shares of Listed Companies	0%	0%	-	-	-	-
Property	0%	0%	-	-	-	-
Others	3%	10%	-	-	-	-
<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	8.50%	8.35%	8.50%	8.35%	8.50%	8.35%
Expected rate of return on assets	8.50%	7.50%	-	-	-	-

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

<b>Gratuity (Funded)</b>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Defined Benefit Obligation	84.15	77.32	68.50	60.64	51.73
Plan Assets	80.01	69.22	57.59	52.96	50.04
Surplus/( Deficit)	(4.14)	(8.10)	(10.91)	(7.68)	(1.69)
Experience adjustment on plan liabilities	0.22	0.02	(4.73)	2.67	3.96
Experience adjustment on plan assets	0.32	(0.14)	0.59	2.49	0.46



## Notes to Financial Statements

<b>Pension ( Unfunded)</b>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Defined Benefit Obligation	3.07	3.18	3.16	3.37	2.41
Plan Assets				-	-
Surplus/(Deficit)	(3.07)	(3.18)	(3.16)	(3.37)	(2.41)
Experience adjustment on plan liabilities	0.01	0.14	(0.05)	0.80	(0.34)
Experience adjustment on plan assets	-	-	-	-	-
<b>Post Retirement Medical Benefit (Unfunded)</b>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Defined Benefit Obligation	1.17	1.27	1.10	1.12	0.91
Plan Assets				-	-
Surplus/(Deficit)	(1.17)	(1.27)	(1.10)	(1.12)	(0.91)
Experience adjustment on plan liabilities	(0.18)	0.09	(0.07)	0.05	(0.11)
Experience adjustment on plan assets	-	-	-	-	-

**Notes:**

- The gratuity fund assets and liabilities are managed by Asian Paints (India) Ltd. Employees' Gratuity Fund.
- 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.
- The Company estimates that the balance amount to be contributed to the gratuity fund during the financial year 2012-2013 will be ₹ 4.14 crores.

**(b) Provident Fund:**

The Provident fund assets and liabilities are managed by 'Asian Paints Office Provident Fund' and 'Asian Paints Factory Employees Provident Fund'.

The Company contributed ₹ 6.79 crores and ₹ 5.69 crores towards Asian Paints Office Provident Fund during the year ended 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 respectively. The Company contributed ₹ 4.62 crores and ₹ 3.79 crores towards Asian Paints Factory Employees Provident Fund during the year ended 31<sup>st</sup> March, 2012 and 31<sup>st</sup> March, 2011 respectively. During the financial year 2011-2012, the Company also contributed ₹ 1.35 crores as advance contribution to 'Asian Paints Office Provident Fund' to meet its temporary liquidity requirements, to be adjustable against future contributions.

The guidance note on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident fund, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Till 31<sup>st</sup> March, 2011, pending the issuance of the guidance note from Institute of Actuaries of India, the Company's actuary had expressed an inability to reliably measure provident fund liabilities. Accordingly the Company was unable to exhibit the related information. The Institute of Actuaries of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended 31<sup>st</sup> December, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at 31<sup>st</sup> March, 2012. (This being the first year of valuation, comparatives of previous period is not available.)

The details of the Asian Paints Office Provident Fund and plan asset position as at 31<sup>st</sup> March, 2012 is given below:  
(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2012
Present value of benefit obligation at period end	107.01
Plan assets at period end, at fair value, restricted to	107.01
Asset recognised in balance sheet	-

The details of the Asian Paints Factory Employees Provident Fund and plan asset position as at 31<sup>st</sup> March, 2012 is given below:

Particulars	31 <sup>st</sup> March, 2012
Present value of benefit obligation at period end	94.26
Plan assets at period end, at fair value, restricted to	94.26
Asset recognised in balance sheet	-

## Notes to Financial Statements

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

Particulars	31 <sup>st</sup> March, 2012
Government of India (GOI) bond Yield	8.5%
Remaining term of maturity	12 years
Expected Guaranteed interest rate	8.25% *

\* As against the guaranteed interest rate for the FY 2011-12, the rate of interest declared by Asian Paints Office Provident fund and Asian Paints Factory Employees' Provident Fund is 8.80% p.a for the FY 2011-12 and the same is used for valuation purpose.

### (3) Long term employee benefits:

The liability towards compensated absences (annual leave and sick leave) for the year ended 31<sup>st</sup> March, 2012 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 2.21 crores. (Previous year liability – ₹ 6.84 crores)

### NOTE 46: Earnings Per Share

	2011-2012	2010-2011
a) Basic and diluted earnings per share before exceptional item in rupees (face value – ₹ 10/- per share)	99.92	80.81
b) Basic and diluted earnings per share after exceptional item in rupees (face value – ₹ 10/- per share)	99.92	80.81
c) Profit after tax and prior period items but before exceptional item as per Statement of Profit or Loss (₹ in Crores)	958.39	775.15
d) Profit after tax and prior period items and exceptional item as per Statement of Profit or Loss (₹ in Crores)	958.39	775.15
e) Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

### NOTE 47:

#### (a) Note on AP Coatings Limited (APCL)

APCL was incorporated on 30<sup>th</sup> November, 2010 as a wholly owned subsidiary of the Company. On 1<sup>st</sup> June, 2011, net current assets aggregating to ₹ 55.79 crores, pertaining to the Company's industrial business was transferred to APCL for which the Company was allotted 5,00,00,000 equity shares of ₹ 10 each aggregating ₹ 50 crores in APCL and the balance was received in cash.

Accordingly, the Company's financial statements for the current year do not include the results of industrial business for the period from 1<sup>st</sup> June, 2011 to 31<sup>st</sup> March, 2012 except for revenue of ₹ 40.32 crores of inventory sold to APCL as part of the net current assets of ₹ 55.79 crores as stated above. Further, this does not have any material impact on the Company's results for the current year

#### (b) Formation of Second Joint Venture with PPG Industries Inc., USA:

To give effect to the formation of the Second Joint Venture, a Composite Scheme of Restructuring has been filed with the Hon'ble High Court of Judicature at Bombay in February, 2012 whereby AP Coatings Limited and PPG Coatings India Private Limited (subsidiary of PPG industries Securities Inc. in India) will merge with Asian PPG Industries Limited (APPG) (first Joint Venture between Asian Paints and PPG). The Scheme then provides for the demerger of the Liquid Industrial Paints, Powder Coatings and Protective Coatings businesses from APPG into Asian Paints PPG Limited (second Joint Venture Company between Asian Paints and PPG, incorporated in August, 2011). The "Appointed Date" to give effect to the above has been fixed as 1<sup>st</sup> April, 2012. The same is subject to the approval of the the Hon'ble High Court of Judicature at Bombay and other regulatory approvals as may be required.

### NOTE 48: Information on related party transactions as required by Accounting Standard - 18 on Related Party Disclosures for the year ended 31<sup>st</sup> March, 2012.

#### a) Joint Venture: (In which the Company has 50% equity interest)

- i. Asian PPG Industries Ltd.  
Subsidiary of Asian PPG Industries Ltd:
  - a) Faaber Paints Pvt. Ltd.
  - b) PPG Asian Paints Lanka Pvt. Ltd. (Incorporated in April, 2011)
- ii. Asian Paints PPG Ltd. (Incorporated in August, 2011)

## Notes to Financial Statements

## b) Subsidiaries:

## Direct Subsidiaries :

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2012	% of Holding as on 31 <sup>st</sup> March, 2011
Asian Paints (Nepal) Private Limited	Nepal	51.00%	51.00%
Asian Paints (International) Limited	Mauritius	100.00%	100.00%
Asian Paints Industrial Coatings Limited	India	100.00%	100.00%
Multifacet Infrastructure (India) Limited	India	100.00%	100.00%
Maxbhumi Developers Limited	India	100.00%	100.00%
AP Coatings Limited	India	100.00%	100.00%

## 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, 2012	% of Holding as on 31 <sup>st</sup> March, 2011
Asian Paints (South Pacific) Limited *	Fiji Islands	53.15%	51.30%
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00%	100.00%
Asian Paints (S.I.) Limited	Solomon Islands	75.00%	75.00%
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00%	60.00%
Asian Paints (Lanka) Limited *	Sri Lanka	99.18%	98.86%
Asian Paints (Bangladesh) Limited	Bangladesh	89.78%	89.78%
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00%	49.00%
SCIB Chemicals S.A.E.	Egypt	60.00%	60.00%
Samoa Paints Limited **	Samoa	80.00%	80.00%
Berger International Limited	Singapore	50.10%	50.10%

\* Indicates increase in stake during the year

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

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

Taubmans Paints (Fiji) Limited	Fiji Islands	100.00%	100.00%
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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 accounts have been submitted to the Registrar of Companies for striking off the name from the list of companies.

## iii) Subsidiaries of Berger International Limited.

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2012	% of Holding as on 31 <sup>st</sup> March, 2011
Berger Paints Singapore Pte Limited	Singapore	100.00%	100.00%
Berger Building Services (Singapore) Pte. Limited	Singapore	100.00%	100.00%
Enterprise Paints Limited	Isle of Man, U.K.	100.00%	100.00%
Universal Paints Limited	Isle of Man, U.K.	100.00%	100.00%
Lewis Berger (Overseas Holdings) Limited	U.K.	100.00%	100.00%

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

Berger Contractor (Singapore) Pte. Limited*	Singapore	-	100.00%
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\* Struck off from the list of Companies by Registrar of Companies, Singapore in October, 2011

## v) Subsidiary of Enterprise Paints Limited

Nirvana Investments Limited	Isle of Man, U.K.	100.00%	100.00%
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## Notes to Financial Statements

vi) Subsidiary of Nirvana Investments Ltd.

Berger Paints Emirates Limited	U.A.E.	100.00%	100.00%
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vii) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.

Berger Paints Jamaica Limited	Jamaica	51.00%	51.00%
Berger Paints Trinidad Limited	Trinidad	70.00%	70.00%
Berger Paints Barbados Limited	Barbados	100.00%	100.00%

viii) Subsidiary of Universal Paints Limited

Berger Paints Bahrain W.L.L.	Bahrain	100.00%	100.00%
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### c) Key Managerial personnel:

#### Name of the Director Designation

Mr. P. M. Murty *	Managing Director & CEO (upto 31 <sup>st</sup> March, 2012)
Mr. K. B. S. Anand *	Additional Director, Managing Director & CEO (w.e.f. 1 <sup>st</sup> April, 2012)

\* The contractual terms of agreement for appointment of Mr. P. M. Murty as Managing Director & CEO came to an end on 31<sup>st</sup> March, 2012. Mr. K. B. S. Anand has been appointed as the Additional Director, Managing Director & CEO of the Company with effect from 1<sup>st</sup> April, 2012.

### d) Promoters and their relatives having control:

#### Directors:

Mr. Ashwin Choksi	Non-Executive Chairman
Mr. Ashwin Dani	Non-Executive Vice Chairman
Mr. Abhay Vakil	Non-Executive Director
Mr. Mahendra Choksi	Non-Executive Director
Mr. Amar Vakil	Non-Executive Director
Mrs. Ina Dani	Non-Executive Director

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

Mr. Jalaj Dani *
Mr. Manish Choksi **
Mr. Jigish Choksi
Mr. Varun Vakil

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

\*\* Mr. Manish Choksi, a relative of Company's Non-Executive Director is also on the board of a subsidiary company and a joint venture.

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

AR Intertect Design Pvt. Ltd.	Haish Holding & Trading Co Pvt. Ltd.	Resins and Plastics Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Himanshu Holdings Pvt. Ltd.	Ricinash Oil Mills Ltd.
Castle Investment and Industries Pvt. Ltd.	Hiren Holdings Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Hitech Plast Ltd.	S.C. Dani Research Foundation Pvt. Ltd.
Clear Mipak Packaging Solutions Ltd.	ISIS Holding & Trading Co Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Coatings Specialities (India) Ltd.	Jalaj Trading and Investments Co. Pvt. Ltd.	Sapan Investments Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Jaldhar Investments and Trading Co Pvt. Ltd.	Satyadhama Investments & Trading Co. Pvt. Ltd.
Dani Finlease Ltd.	Kalica Paper Industries Pvt. Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Lambodar Investments & Trading Co Ltd	Suprasad Investments & Trading Co. Pvt. Ltd.
Elcid Investments Ltd.	Lyon Investment and Industries Pvt. Ltd.	Suptaswar Investments and Trading Co. Ltd.
ELF Trading and Chemicals Mfg. Ltd.	Murahr Investments and Trading Co. Ltd	Suryakant Paint Accessories Pvt. Ltd.
Express Engineering and Construction Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Tru Trading and Investments Pvt. Ltd.
Express Restaurant Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Ultramarine & Pigments Ltd.
Express Transport Pvt. Ltd.	Omega Properties Pvt. Ltd.	Unnati Trading and Investments Pvt. Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Vijal Holding & Trading Co. Pvt. Ltd.
Gujarat Organics Ltd.	Rangudyan Insurance Broking Services Ltd.	Vikatmev Containers Ltd.

## Notes to Financial Statements

**(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.

**(h) Details of related party transactions during the year ended 31<sup>st</sup> March, 2012:**

(₹ in Crores)

Particulars	Joint Venture		Subsidiaries		Key Management Personnel <sup>(1)</sup>		Promoters and their relatives having control <sup>(1)</sup>		Companies Controlled by Directors/ Relatives		Employee benefit plans where control exists		Others	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sale of goods and other miscellaneous items	17.67	12.28	96.88	13.39					4.61	2.48				
Processing of goods (Income)	12.93	14.03	9.51	-										
Royalty Received	2.94	2.23	18.20	13.51										
Other recoveries	10.14	12.60	14.06	1.49										
Sitting Fees Received (from subsidiaries for nominee directors)			0.67	0.88										
Other services - receipts			2.14	2.68										
Reimbursement of Expenses - received	2.95	1.50	35.11	2.03										
Dividend received			16.85	1.02										
Purchase of goods	0.93	0.98	1.00	0.01					213.51	181.33				
Processing of goods (Expense)									-	0.52				
Remuneration					4.59	3.73	3.44 <sup>(2)</sup>	3.29						
Retiral benefits							0.22	0.22						
Commission to Non-executive Directors							0.88	0.83						
Sitting Fees Paid to Non-executive Directors							0.09	0.06						
Reimbursement of Expenses – paid	0.03	0.09	33.30	0.54										
Donation													-	1.00
Contributions during the year											26.20	23.80		
Equity contribution	0.13	-	65.00	0.09										
Sale of Trade Payables			41.02	-										
Sale of Trade Receivables			52.50	-										
Loan given			0.05	0.19										
Repayment of loan given														
Sale of assets	0.12	-							0.08	-				
Bad Debts written off			-	0.04										
<b>Outstanding as at 31<sup>st</sup> March</b>														
Loans			14.21	14.16							1.47	-		
Amount receivables	8.01	6.08	72.29	15.42					0.93	-				
Amount payable	0.01	0.63	33.43	0.40	2.00	1.50	0.88	0.83	4.10	1.42	6.47	10.13		

- 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 is NIL as at 31<sup>st</sup> March, 2012, as the same was converted to Letter of Comfort/ Support during the year (Previous year ₹ 130.60 crores).



## Notes to Financial Statements

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 ₹ 207.70 crores as on 31<sup>st</sup> March, 2012 (₹ 63.11 crores as on 31<sup>st</sup> March, 2011).

The Company has also issued a letter to the Board of a subsidiary informing its commitment to continue extending letters of comfort for banking facilities as included in the above for a period upto 15<sup>th</sup> May, 2013.

**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)	
	2011-12	2010-11
<b>Sale of goods</b>		
Asian PPG Industries Limited	17.67	12.28
AP Coatings Limited	79.44	-
Asian Paints (Nepal) Private Limited	8.10	5.54
Asian Paints (Lanka) Limited	3.61	0.08
Others	10.35	10.25
	<b>119.16</b>	<b>28.15</b>
<b>Purchase of Goods</b>		
Hitech Plast Limited	176.44	159.45
Others	39.00	22.87
	<b>215.44</b>	<b>182.32</b>
<b>Royalty Received</b>		
SCIB Chemicals S.A.E., Egypt	8.64	7.73
Berger International Limited	1.14	1.44
Asian Paints (Middle East) LLC	1.28	1.18
Asian PPG Industries Limited	2.94	2.23
AP Coatings Limited	2.97	-
Others	4.17	3.16
	<b>21.14</b>	<b>15.74</b>
<b>Contributions during the year</b>		
Asian Paints Office Provident Fund	6.79	13.59
Asian Paints Factory Employees' Provident Fund	4.62	10.33
Asian Paints Management Cadres' Superannuation Scheme	1.69	1.41
Asian Paints (India) Limited Employees' Gratuity Fund	13.10	12.91
	<b>26.20</b>	<b>38.24</b>
<b>Processing of Goods (Income)</b>		
Asian PPG Industries Limited	12.93	14.03
AP Coatings Limited	9.51	-
	<b>22.44</b>	<b>14.03</b>
<b>Other Recoveries</b>		
Asian PPG Industries Limited	10.14	12.60
AP Coatings Limited	12.22	-
Others	1.84	1.49
	<b>24.20</b>	<b>14.09</b>
<b>Reimbursement of Expenses - Received</b>		
AP Coatings Limited	33.25	-
Others	4.81	3.53
	<b>38.06</b>	<b>3.53</b>
<b>Reimbursement of Expenses - Paid</b>		
AP Coatings Limited	32.80	-
Others	0.54	0.63
	<b>33.33</b>	<b>0.63</b>
<b>Sale of Trade Payables</b>		
AP Coatings Limited	41.02	-
	<b>41.02</b>	<b>-</b>
<b>Sale of Trade Receivables</b>		
AP Coatings Limited	52.50	-
	<b>52.50</b>	<b>-</b>

## Notes to Financial Statements

### NOTE 49: Segment information for the year ended 31<sup>st</sup> March, 2012

(₹ In Crores)

	2011-2012			2010-2011		
	Paints	Others*	Total	Paints	Others*	Total
<b>REVENUE</b>						
<b>Net sales</b>						
External sales (Net)	7,846.06	118.10	7,964.16	6,256.06	80.02	6,336.08
Inter – Segment sales	-	138.26	138.26	-	110.02	110.02
Other Income	39.95	1.50	41.45	28.06	1.41	29.47
<b>Total Revenue</b>	<b>7,886.01</b>	<b>257.86</b>	<b>8,143.87</b>	<b>6,284.12</b>	<b>191.45</b>	<b>6,475.57</b>
<b>Result</b>						
Segment result	1,384.79	23.84	1,408.63	1,144.75	18.92	1,163.67
Unallocated expenses			(114.92)			(71.42)
Operating Profit			1,293.71			1,092.25
Finance Costs			(30.82)			(15.35)
Interest income			2.26			5.90
Dividends			57.42			36.07
Exchange difference			-			0.79
Profit/(Loss) on sale of long term investments			32.46			-
Profit/(Loss) on sale of short term investments			0.83			0.45
Profit on sale of assets			-			0.55
Miscellaneous income			3.96			1.67
Sundry balance written back			3.11			-
Exceptional items			-			-
Tax expenses			(404.54)			(347.18)
<b>Net Profit before prior period items</b>			<b>958.39</b>			<b>775.15</b>
<b>OTHER INFORMATION</b>						
Segment assets	3,716.21	84.43	3,800.64	2,649.67	73.12	2,722.79
Unallocated assets			1,179.39			1,132.25
<b>Total Assets</b>			<b>4,980.03</b>			<b>3,855.04</b>
Segment liabilities	1,811.37	32.90	1,844.27	1,396.36	26.12	1,422.48
Unallocated liabilities			647.98			457.24
<b>Total Liabilities</b>			<b>2,492.25</b>			<b>1,879.72</b>
Capital expenditure	595.38	1.69	597.07	81.58	4.90	86.48
Unallocated capital expenditure			18.01			17.75
<b>Total</b>			<b>615.08</b>			<b>104.23</b>
Depreciation/Impairment	95.44	2.79	98.23	90.53	2.96	93.49
Unallocated Depreciation/Impairment			1.26			0.99
<b>Total</b>			<b>99.49</b>			<b>94.48</b>

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

**NOTE 50:** The previous year's figures have been re-grouped / re-classified to conform to this year's classification which is as per Revised Schedule VI. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as at 31<sup>st</sup> March, 2011.

### Signatures to Notes to Financial Statements

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

**K. B. S. Anand**  
Managing Director  
& CEO

**Tarjani Vakil**  
Chairperson of  
Audit Committee

**Ashish Shah**  
Partner  
Membership No. 103750

**Natraj Ramakrishna**  
Partner  
Membership No. 32815

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

Mumbai  
8<sup>th</sup> May, 2012

**CONSOLIDATED  
FINANCIAL STATEMENTS**

## Ten Year Review (Consolidated)

(₹ in Crores except per share data and ratios)

RESULTS FOR THE FINANCIAL YEAR	2011-2012@	2010-2011@	2009-2010^	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
<b>Revenue Account</b>										
Gross Revenue	10,778.0	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
Net Revenue from Operations	9,632.2	7,722.3	6,680.9	5,463.9	4,407.2	3,670.0	3,021.0	2,573.9	2,217.9	1,730.3
Growth Rates (%)	24.7	15.6	22.3	24.0	20.1	21.5	17.4	16.0	28.2	18.1
Materials Cost	5,777.0	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
% to Net Revenue	60.0	57.9	56.2	61.7	58.5	59.9	59.3	58.4	56.2	54.1
Overheads	2,346.5	1,919.6	1,695.6	1,425.5	1,170.6	989.9	838.3	736.6	674.2	508.6
% to Net Revenue	24.4	24.9	25.4	26.1	26.6	27.0	27.7	28.6	30.4	29.4
Operating Profit (EBITDA)	1,616.2	1,396.1	1,367.9	718.8	718.6	518.0	422.7	367.0	323.7	293.7
Finance Costs	41.0	23.2	28.5	26.3	21.2	18.9	11.4	10.8	15.2	13.7
Depreciation	121.1	113.1	83.6	74.4	59.2	61.1	60.6	61.4	62.8	52.1
Profit Before Tax and Exceptional Items	1,454.1	1,259.7	1,255.9	618.1	638.3	437.9	350.6	294.8	245.7	227.9
% to Net Revenue	15.1	16.3	18.8	(3.2)	14.5	11.9	11.6	11.5	11.1	13.2
Growth Rates (%)	15.4	0.3	103.2	(3.2)	45.8	24.9	18.9	20.0	7.8	30.2
Exceptional items	-	-	1.2	(1.2)	(6.8)	(7.8)	(7.6)	(7.7)	(7.8)	(1.8)
Profit Before Tax and after Exceptional Items	1,454.1	1,259.7	1,257.0	616.9	631.4	430.2	343.0	287.1	237.9	226.1
% to Net Revenue	15.1	16.3	18.8	11.3	14.3	11.7	11.4	11.2	10.7	13.1
Profit After Tax (after Minority interest)	988.7	843.2	835.6	397.8	409.2	281.0	212.1	174.1	144.9	139.1
Return on average capital employed (ROCE) (%)	54.3	58.9	74.4	46.5	56.3	45.9	42.2	40.6	38.0	39.5
Return on average net worth (RONW) (%)	40.1	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	64.0
Reserves and Surplus	2,632.6	2,091.5	1,614.1	1,107.3	886.5	681.9	550.3	471.3	433.6	413.6
Deferred Tax Liability (Net)	92.8	85.2	56.2	53.3	39.1	26.8	34.1	35.3	53.3	64.9
Borrowings	341.1	233.4	229.2	308.6	275.2	306.2	261.3	239.5	169.3	196.9
Fixed Assets	1,876.1	1,316.0	1,280.1	905.1	691.7	493.2	451.9	437.0	474.0	516.4
Investments \$	750.7	922.0	624.1	78.4	276.7	192.7	164.1	113.8	101.8	11.1
Debt-Equity Ratio	0.12 : 1	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
<b>Per Share Data</b>										
Earnings Per Share (EPS) (₹)	103.1	87.9	*87.1	*41.5	*42.7	*29.3	*22.1	*18.1	*#15.1	*#21.7
Book Value (₹)	286.5	228.0	178.3	125.4	102.4	81.1	67.4	59.1	**55.2	74.7

\* 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.

@ Figures are regrouped as per Revised Schedule VI to the Companies Act, 1956.

\$ Includes investments in Liquid Mutual Funds which is part of cash and cash equivalents.

## 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 ventures (collectively referred to as Asian Paints Group) as at 31<sup>st</sup> March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended (refer Note 27 of Notes to Consolidated Financial Statements) 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 ventures 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 ventures, 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 2012, have been audited by one of the joint auditors, Shah & Co., Chartered Accountants and financial statements of the Joint Venture, Asian Paints PPG Limited for the period from 5<sup>th</sup> August 2011 to 31<sup>st</sup> March 2012, have been audited by one of the joint auditors, B S R & Associates, 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 prescribed by the Companies (Accounting Standards) Rules, 2006.

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 ventures, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Asian Paints group as at 31<sup>st</sup> March 2012;
- (ii) in the case of Consolidated Statement of Profit and Loss, 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

### Ashish Shah

Partner  
Membership No.: 103750

Mumbai  
8<sup>th</sup> May 2012

### 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 2012

(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 the Auditor
Asian Paints (Nepal) Pvt. Limited	15 Mar 11 - 13 Mar 12	Direct	53.36	94.64	T.R Upadhyya & Co.
Asian Paints Industrial Coatings Limited	Apr 11 - Mar 12	Direct	44.08	43.75	Shah & Co.
Multifacet Infrastructure (India) Limited	Apr 11 - Mar 12	Direct	0.04	-	Shah & Co.
AP Coatings Limited*	Apr 11 - Mar 12	Direct	141.37	222.74	Shah & Co.
Maxbhumi Developers Limited	Apr 11 - Mar 12	Direct	14.05	-	Shah & Co.
Asian Paints (International) Limited: Consolidated comprising of:-	Apr 11 - Mar 12	Direct	152.18 #	-#	Deloitte & Touche
Asian Paints (South Pacific) Limited**	Apr 11 - Mar 12	Indirect	48.40	71.12	ERNST & YOUNG
Asian Paints (Tonga) Limited	Apr 11 - Mar 12	Indirect	3.12	4.78	ERNST & YOUNG
Asian Paints (S.I.) Limited	Apr 11 - Mar 12	Indirect	7.06	12.36	ERNST & YOUNG
Asian Paints (Vanuatu) Limited	Apr 11 - Mar 12	Indirect	5.28	5.53	ERNST & YOUNG
Asian Paints (Lanka) Limited**	Apr 11 - Mar 12	Indirect	45.22	70.63	KPMG Ford, Rhodes
Asian Paints (Bangladesh) Limited	Apr 11 - Mar 12	Indirect	45.51	111.02	Rahman Rahman Huq
Asian Paints (Middle East) LLC	Apr 11 - Mar 12	Indirect	40.15	61.11	BDO JAWAB HABIB
SCIB Chemicals S.A.E.	Apr 11 - Mar 12	Indirect	202.08	328.00	Deloitte, Saleh, Barsoum and Abdel-Aziz
Berger International Limited, Singapore	Apr 11 - Mar 12	Indirect	237.36	440.33	Deloitte & Touche LLP
Samoa Paints Limited	Apr 11 - Mar 12	Indirect	4.13	4.68	Lesa ma Penn

# Represents figures of Asian Paints (International) Limited (Standalone).

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

\*\* Indicates increase in stake during the year.

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

Taubmans Paints (Fiji) Limited***	Apr 11 - Mar 12
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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.	Apr 11 - Mar 12
Berger Building Services (Singapore) Pte. Ltd.	Apr 11 - Mar 12
Enterprise Paints Limited	Apr 11 - Mar 12
Universal Paints Limited	Apr 11 - Mar 12
Lewis Berger (Overseas Holdings) Ltd.	Apr 11 - Mar 12

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

Berger Contractor (Singapore) Pte. Ltd.@	Apr 11 - Mar 12
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@ Struck off from the list of companies by Registrar of Companies, Singapore in October, 2011



**iv) Subsidiary of Enterprise Paints Limited:**

Nirvana Investments Ltd.	Apr 11 - Mar 12
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**v) Subsidiary of Nirvana Investments Ltd.:**

Berger Paints Emirates Ltd.	Apr 11 - Mar 12
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**vi) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:**

Berger Paints Jamaica Ltd.	Apr 11 - Mar 12
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Berger Paints Trinidad Ltd.	Apr 11 - Mar 12
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Berger Paints Barbados Ltd.	Apr 11 - Mar 12
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**vii) Subsidiary of Universal Paints Limited:**

Berger Paints Bahrain W.L.L.	Apr 11 - Mar 12
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**Joint Venture:**

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

Asian Paints PPG Ltd. (incorporated on 5<sup>th</sup> August 2011) a second joint venture between the parent company and PPG Industries Securities Inc., U.S.A., wherein the parent company has 50% equity participation:

(₹ 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 11 - March 12	Direct	239.71	348.90	Deloitte Haskins & Sells
Asian Paints PPG Ltd.	5 Aug 11- 31 Mar 12	Direct	0.11	-	B S R & Associates

**Subsidiary of Joint Venture:**

Asian PPG Industries Ltd. has a 100% stake in Faaber Paints Pvt. Ltd. and in PPG Asian Paints Lanka Private Limited (incorporated in April 2011). 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

**For B S R & Associates**

Chartered Accountants

Firm Registration No.: 116231W

**Ashish Shah**

Partner

Membership No.: 103750

**Natraj Ramakrishna**

Partner

Membership No.: 32815

Mumbai

8<sup>th</sup> May 2012

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2012

(₹ in Crores)

	Notes	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	95.92	95.92
Reserves and Surplus	3	2,652.58	2,091.50
		<u>2,748.50</u>	<u>2,187.42</u>
Minority Interest		136.69	109.89
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4	55.85	58.10
Deferred Tax Liability (Net)	5	92.83	85.18
Other Long Term Liabilities	6	13.47	12.74
Long Term Provisions	7	78.35	76.59
		<u>240.50</u>	<u>232.61</u>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	8	280.00	171.14
Trade Payables	9	1,296.83	1,087.44
Other Current Liabilities	10	827.14	531.88
Short Term Provisions	7	366.55	290.20
		<u>2,770.52</u>	<u>2,080.66</u>
<b>Total</b>		<b>5,896.21</b>	<b>4,610.58</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	11 A	1,233.98	1,249.82
Intangible Assets	11 B	25.05	22.86
Capital work-in-progress		617.08	43.32
		<u>1,876.11</u>	<u>1,316.00</u>
Goodwill on consolidation		41.52	37.19
Non-current Investments	12	69.72	62.46
Long Term Loans and Advances	13	327.28	104.21
Other Non-Current Assets	14	21.71	23.12
<b>CURRENT ASSETS</b>			
Current Investments	15	285.02	366.51
Inventories	16	1,598.89	1,305.43
Trade Receivables	17	781.25	573.10
Cash and Bank Balances	18	624.31	626.23
Short Term Loans and Advances	13	186.18	106.47
Other Current Assets	19	84.22	89.86
		<u>3,559.87</u>	<u>3,067.60</u>
<b>Total</b>		<b>5,896.21</b>	<b>4,610.58</b>

**Significant Accounting Policies**

1

**Notes are an integral part of the financial statements.**

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

**K. B. S. Anand**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**Ashish Shah**Partner  
Membership No. 103750**Natraj Ramakrishna**Partner  
Membership No. 32815**Jayesh Merchant**Chief Financial Officer &  
Company Secretary

Mumbai

8<sup>th</sup> May, 2012

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in Crores)

	Notes	Year 2011-12	Year 2010-11
<b>INCOME</b>			
Revenue from Operations (Net of discounts)	20	10,472.01	8,377.53
Less: Excise duty		839.77	655.23
Revenue from Operations (Net of discounts and excise duty)		9,632.24	7,722.30
Other Income	21	107.41	67.98
<b>TOTAL REVENUE</b>		<b>9,739.65</b>	<b>7,790.28</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	22A	5,720.53	4,425.22
Purchases of Stock-in-trade	22B	229.42	200.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22C	(172.95)	(151.43)
Employee Benefits Expense	23	525.97	453.99
Other Expenses	24	1,820.50	1,465.65
<b>TOTAL EXPENSES</b>		<b>8,123.47</b>	<b>6,394.20</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		1,616.18	1,396.08
Depreciation and Amortisation Expense	11	121.13	113.13
Finance Costs	25	40.97	23.21
<b>PROFIT BEFORE TAX</b>		<b>1,454.08</b>	<b>1,259.74</b>
Less: <b>Tax Expenses</b>			
Current Tax		429.34	355.00
Deferred Tax	5	6.12	28.15
(Excess) tax provision for earlier years		(1.96)	(4.76)
Total Tax Expenses		433.50	378.39
<b>PROFIT AFTER TAX</b>		<b>1,020.58</b>	<b>881.35</b>
Minority Interest		31.85	38.11
<b>Net Profit Attributable to shareholders</b>		<b>988.73</b>	<b>843.24</b>
Earnings per share (₹) Basic and diluted (Face value of ₹ 10 each)	31	103.08	87.91
<b>Significant Accounting Policies</b>	1		
<b>Notes are an integral part of the financial statements.</b>			

As per our report of even date

**For Shah & Co.**  
Chartered Accountants  
FRN: 109430W

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

For and on behalf of the Board

**Ashwin Choksi**  
Chairman

**K. B. S. Anand**  
Managing Director  
& CEO

**Tarjani Vakil**  
Chairperson of  
Audit Committee

**Ashish Shah**  
Partner  
Membership No. 103750

**Natraj Ramakrishna**  
Partner  
Membership No. 32815

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

Mumbai  
8<sup>th</sup> May, 2012

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012

(₹ in Crores)

	2011-12	2010-11
<b>A. Cash Flow from Operating activities:</b>		
<b>Profit Before Tax:</b>	1,454.08	1,259.74
Adjustment for:		
Depreciation / Impairment	121.13	113.13
Profit on sale of long term investments	(32.48)	-
Profit on sale of short term investments	(0.84)	(0.45)
Profit on Sale of fixed assets	(0.23)	(2.69)
Finance costs	40.97	23.21
Interest Income	(6.45)	(10.49)
Dividend Income	(41.57)	(35.47)
Effect of exchange rates on translation of operating cashflows	0.83	(16.10)
<b>Operating Profit before Working Capital changes</b>	<b>1,535.44</b>	<b>1,330.88</b>
Adjustment for:		
Inventories	(293.46)	(349.55)
Trade and Other Receivables	(300.98)	(81.94)
Trade and Other Payables	314.95	254.99
<b>Cash generated from Operations</b>	<b>1,255.95</b>	<b>1,154.38</b>
Income tax paid (net of refund)	(429.58)	(391.92)
<b>Net Cash generated from Operating Activities</b>	<b>826.37</b>	<b>762.46</b>
<b>B. Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(673.16)	(156.10)
Sale of fixed assets	6.29	5.79
Purchase of investment	(290.39)	(336.50)
Sale of long term investment	397.09	-
Profit on sale of short term investment	0.84	0.45
Interest received	6.25	10.49
Dividend received	41.58	35.47
Cash paid for increase in the stake in subsidiary	(0.63)	-
<b>Net cash used in Investing Activities</b>	<b>(512.13)</b>	<b>(440.40)</b>
<b>C. Cash Flows from Financing Activities</b>		
Repayment of long term loans	(11.88)	(6.38)
Short term loans taken	108.86	11.93
Finance costs paid	(40.42)	(23.21)
Dividend paid (including dividend paid to Minority)	(383.07)	(316.83)
<b>Net cash used in Financing Activities</b>	<b>(326.51)</b>	<b>(334.49)</b>
<b>D. Net Increase in Cash and Cash equivalents</b>	<b>(12.27)</b>	<b>(12.43)</b>
<b>Cash and Cash equivalents as at 31<sup>st</sup> March, 2011*</b>	<b>626.23</b>	<b>637.47</b>
Net effect of changes in exchange rate on cash and cash equivalents	10.35	1.19
<b>Cash and Cash equivalents as at 31<sup>st</sup> March, 2012*</b>	<b>624.31</b>	<b>626.23</b>

\* Cash and Cash equivalents are cash and bank balances as mentioned in Note 18

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

**K. B. S. Anand**Managing Director  
& CEO**Tarjani Vakil**Chairperson of  
Audit Committee**Ashish Shah**Partner  
Membership No. 103750**Natraj Ramakrishna**Partner  
Membership No. 32815**Jayesh Merchant**Chief Financial Officer &  
Company Secretary

Mumbai

8<sup>th</sup> May, 2012

## Notes to Consolidated Financial Statements

### NOTE 1: Significant Accounting Policies and Notes to Consolidated Financial Statements

#### 1.1 Basis for preparation of consolidated financial statements

(a) Basis of Preparation:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India 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 and reported amounts of income and expenses during the period.

(c) Presentation and disclosures in financial statements

For the year ended 31<sup>st</sup> March, 2012, the Group has reclassified the previous year's figures, presentation and disclosures in financial statements as per the requirement under Revised Schedule VI to the extent possible.

#### 1.2. Tangible and Intangible Assets

(a) Tangible Fixed Assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and accumulated 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. Expenses directly attributable to new manufacturing facility during its construction period are capitalized. Know-how related to plans, designs and drawings of buildings or plant and equipment is capitalised under relevant asset heads. Profit or loss on disposal of tangible assets is recognised in the statement of profit and loss.

(b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Profit or loss on disposal of intangible assets is recognised in the statement of profit and loss.

(c) Depreciation and Amortisation:

Depreciation on fixed assets is provided under Written Down Value/Straight Line Method as the case may be 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) Impairment:

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

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

## Notes to Consolidated Financial Statements

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.

### 1.3 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.

### 1.4 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 'changes in inventories of finished goods, work-in-progress and stock-in-trade'.

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 services is recognised on rendering of services.

Processing income is recognised on accrual basis as per contractual arrangements.

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

Interest income is recognised on the time proportion basis.

### 1.5 Lease Accounting

#### Assets taken on lease:

In respect of operating leases, lease rentals are recognised as an expense in the Statement of Profit and Loss 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.

### 1.6 Inventory

- a) Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components; consumables and stock-in-trade 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, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties,



## Notes to Consolidated Financial Statements

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-progress 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.

### 1.7 Investments

Non-current investments are carried at cost. Provision for diminution in the value of non-current 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Profit or loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

### 1.8 Transactions and translations in foreign currency

#### Initial recognition:

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

#### Measurement of foreign currency items at the Balance Sheet date:

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

#### Forward exchange contracts:

The premium or discount arising at the inception of forward exchange contract is amortized and recognised as an expense/income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

#### Translation of financial statements of foreign entities:

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.

### 1.9 Trade Receivables

Trade receivables 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 of provision for expenses in Other Current Liabilities.

### 1.10 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

## Notes to Consolidated Financial Statements

retirement benefit schemes. The group's contributions to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.

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

### (b) Defined benefit plans

#### (i) Gratuity and Pension Scheme (Funded)

The parent company, its Indian subsidiaries/Joint Venture and some of its foreign subsidiaries operate a 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) Pension and Leaving Indemnity Scheme (Unfunded)

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

The Company presents this liability as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary.

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

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

#### (iv) Provident Fund Scheme (funded)

The parent company and its joint venture operate a provident fund scheme by paying contribution into separate entities (funds). Interest shortfall, if any, pertaining to such funds are recompensed by the Company.

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.

The Company presents the above liabilities as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary; however, the entire liability towards gratuity is considered as current as the company will contribute this amount to the gratuity fund within the next 12 months.

### (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.

The Company presents this liability as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary.

## Notes to Consolidated Financial Statements

### 1.11 Research and Development

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

### 1.12 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.

### 1.13 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.

### 1.14 Earnings Per Share

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

### 1.15 Proposed Dividend

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

### 1.16 Borrowing Cost

Borrowing cost includes Interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period they occur.

### 1.17 Measurement of EBITDA

The Company has elected to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations.

## Notes to Consolidated Financial Statements

(₹ in Crores)

**NOTE 2 : SHARE CAPITAL****Authorised**

	As at 31.03.2012	As at 31.03.2011
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>	<b>100.00</b>

**Issued, Subscribed and Paid up capital**

9,59,19,779 (Previous year 9,59,19,779) Equity Shares of ₹ 10/- each fully paid.	95.92	95.92
	<b>95.92</b>	<b>95.92</b>

**a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year of the parent company**

Equity Shares	31.03.2012		31.03.2011	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
<b>At the beginning of the year</b>	9,59,19,779	95.92	9,59,19,779	95.92
Add: Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>9,59,19,779</b>	<b>95.92</b>	<b>9,59,19,779</b>	<b>95.92</b>

**b) Details of Shareholders holding more than 5% Equity Shares in the parent company #**

Name of Shareholders	31.03.2012		31.03.2011	
	No. of Equity Shares	Percentage holding	No. of Equity Shares	Percentage holding
Equity Shares of ₹ 10/- each				
1. Geetanjali Trading and Investment Private Limited	1,54,92,868	16.15	1,49,22,538	15.56
2. Life Insurance Corporation of India	53,13,232	5.54	56,45,727	5.89

# As per the records of the Company, including its register of members.

**c) Terms/rights attached to Equity Shares**

The parent company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

As per the Companies Act, 1956, in the case of parent company, the holders of equity shares of the Company will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 3 : RESERVES AND SURPLUS</b>	As at 31.03.2012	As at 31.03.2011
<b>(a) Capital Reserve on consolidation</b>	3.25	3.25
<b>(b) Capital Reserve</b> [₹ 5,000/-, (Previous year ₹ 5,000/-)]	*	*
<b>(c) Capital Redemption Reserve</b>	5.37	5.37
<b>(d) General Reserve</b>		
As per last Balance Sheet	1,507.06	1,020.72
Add: Transfer from surplus in Statement of Profit and Loss	442.80	486.19
Add: Adjustment on stake change in subsidiary	(0.05)	0.15
	1,949.81	1,507.06
<b>(e) Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(24.18)	(15.28)
Add: Currency translation Gain/(Loss) During the year	18.33	(8.90)
	(5.85)	(24.18)
<b>(f) Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	600.00	600.00
Add: Net profit after tax transferred from Statement of Profit and Loss for the year	988.73	843.24
Amount available for appropriation	1,588.73	1,443.24
Less: Appropriations		
Dividend on Equity Shares:		
- Interim Dividend [Amount per share ₹ 9.50 (Previous year ₹ 8.50)]	91.13	81.53
- Proposed Final Dividend [Amount per share ₹ 30.50 (Previous year ₹ 23.50)]	292.56	225.41
Income Tax on Dividend (includes income tax on proposed dividend)	62.24	50.11
Transfer to General Reserve	442.80	486.19
Closing balance	700.00	600.00
	<b>2,652.58</b>	<b>2,091.50</b>

(₹ in Crores)

<b>NOTE 4 : LONG TERM BORROWINGS</b>	Non-Current		Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>(a) Deferred payment liabilities @</b>				
<b>Secured</b>				
Financial Institution (Sales tax deferment scheme - State of Uttar Pradesh) #	12.37	17.01	4.64	4.05
Finance Lease liability ##	0.40	0.39	0.19	0.14
<b>Unsecured</b>				
Sales tax deferment scheme – State of Andhra Pradesh ###	40.27	40.70	0.43	-
<b>(b) Loan from Banks</b>				
<b>Secured</b>				
Term Loan ^	2.81	-	-	-
	55.85	58.10	5.26	4.19
Amount included under the head "other current liabilities" (Refer Note 10)	-	-	(5.26)	(4.19)
	<b>55.85</b>	<b>58.10</b>	<b>-</b>	<b>-</b>

## Notes to Consolidated Financial Statements

- # 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 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. This interest free loan has a deferment period of 10 years and is repayable in 9 yearly installments starting from May, 2007 as per repayment schedule. Out of the total sales tax deferment loan of ₹ 30.60 crores the Company has already repaid ₹ 13.59 crores till 31<sup>st</sup> March, 2012 and balance amount of ₹ 17.01 crores is repayable in next 4 years upto May, 2015.
- ## Secured by fixed/floating charge on the inventories, book debts, term deposits or fixed assets of the respective subsidiaries. Non-current portion is repayable within 2-5 years. (Interest rate 4.07% - 16.25%)
- ### Sales tax deferment – State of Andhra Pradesh represents interest free loan availed under the Sales tax deferment Scheme of the Government of Andhra Pradesh. This interest free loan has a deferment period of 14 years and is repayables in 9 yearly installments starting from April' 2012 as per repayment schedule. The accumulated sales tax deferment loan till 31<sup>st</sup> March, 2012 is ₹ 40.70 crores.
- ^ Secured against mortgaged of property and plant, carries fixed interest of 11%.
- The parent company is also eligible to avail 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 7 financial years beginning from April 2010. For the period ended 31<sup>st</sup> March, 2011 the Company has received the eligibility certificate from the Haryana Government sanctioning an interest free loan of ₹ 3.40 crores on 2<sup>nd</sup> April, 2012, but the same is yet to be disbursed by them. For the year ended 31<sup>st</sup> March, 2012, the Company is in the process of making necessary application to the Haryana Government for the issue of eligibility certificate.
- @ Default in terms of repayment of principle and interest - NIL

### NOTE 5: DEFERRED TAX LIABILITY (NET)

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

The major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31<sup>st</sup> March, 2012 are as follows:

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
<b>Deferred tax liabilities</b>		
Difference between Written Down Value/Capital work-in-progress of fixed assets as per the books of accounts and Income Tax.	(110.67)	(106.46)
Unremitted income	(1.68)	(1.49)
Retirement Benefit Plans	(2.49)	(2.78)
Expense allowed for tax purpose on payment basis (Amount paid under protest)	(9.34)	(6.95)
Others	(0.59)	(0.40)
<b>Total deferred tax liabilities</b>	<b>(124.77)</b>	<b>(118.08)</b>
<b>Deferred tax assets</b>		
Provision for expense allowed for tax purpose on payment basis	18.69	19.63
Provision for doubtful debts and advances	6.23	7.29
Expenditure debited to Statement of Profit and Loss but allowed in Income Tax over a longer period	5.50	3.52
Capital losses carried forward under Income Tax	1.52	2.46
<b>Total deferred tax assets</b>	<b>31.94</b>	<b>32.90</b>
<b>Net deferred tax (liability)</b>	<b>(92.83)</b>	<b>(85.18)</b>
Foreign Exchange Fluctuation (Loss)/Gain	(2.62)	(1.65)
Net Deferred tax liability of earlier years	1.09	0.84
<b>Net Deferred tax (expense) for the year</b>	<b>(6.12)</b>	<b>(28.15)</b>



## Notes to Consolidated Financial Statements

(₹ in Crores)

NOTE 6: OTHER LONG TERM LIABILITIES	Non-Current		Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Other Payables				
- Retention monies relating to capital expenditure	3.02	4.31	21.21	7.85
- Employees Payables	-	-	0.07	0.06
- Trade Deposits	8.75	7.60	3.80	3.11
- Others	1.70	0.83	-	-
	13.47	12.74	25.08	11.02
Amount included under the head "Other current liabilities" (Refer Note 10)	-	-	(25.08)	(11.02)
	<b>13.47</b>	<b>12.74</b>	<b>-</b>	<b>-</b>

(₹ in Crores)

NOTE 7: PROVISIONS	Long term		Short term	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Provision for Employee Benefits (Refer Note 30)				
Provision for Compensated absences	53.45	52.28	9.34	6.80
Provision for Gratuity and Pension (Funded)	-	-	4.41	8.30
Provision for Pension, Leaving Indemnity and Medical Plan (Unfunded)	12.65	13.86	0.56	0.48
Others	1.05	0.69	0.66	0.73
Provision for Excise (Refer Note 33)	1.25	1.15	-	-
Provision for Central Sales Tax/VAT (Refer Note 33)	9.95	8.61	-	-
Provision for Warranties (Refer Note 33)	-	-	1.93	1.91
Proposed Dividend	-	-	292.56	225.41
Provision for Income Tax on Proposed Dividend	-	-	47.46	36.57
Provision for Income Tax (Net)	-	-	9.63	10.00
	<b>78.35</b>	<b>76.59</b>	<b>366.55</b>	<b>290.20</b>

(₹ in Crores)

NOTE 8 : SHORT TERM BORROWINGS	As at	As at
	31.03.2012	31.03.2011
(a) Loan repayable on demand from banks ^		
<b>Secured</b>		
Banks/Financial Institutions #	26.76	11.09
Cash Credit Accounts #	-	8.69
<b>Unsecured</b>		
Overdraft - Current account ##	-	5.32
Banks/Financial Institutions	142.73	133.30
(b) Other loans from banks ^		
<b>Secured</b>		
Foreign Currency Loan (Buyers' credit) +	-	6.60
<b>Unsecured</b>		
Foreign Currency Loan (Buyers' credit) @	110.51	6.14
	<b>280.00</b>	<b>171.14</b>

# Secured by hypothecation of inventories and trade receivables and carries interest rate @ 11.50% to 13.50% p.a.

## Overdraft in current account carries interest rate @ 10.75% to 14.50% p.a.

+ Secured by first charge on all current assets of parent and subsidiary company and fixed assets of subsidiary company.

@ Foreign currency loan carries interest @ LIBOR plus 0.50% p.a, repayable on their respective due dates within next 12 months.

^ Default in terms of repayment of principle and interest - NIL

## Notes to Consolidated Financial Statements

(₹ in Crores)

**NOTE 9: TRADE PAYABLES**

	As at 31.03.2012	As at 31.03.2011
Trade Payables (Including Acceptances)	1,296.83	1,087.44
	<b>1,296.83</b>	<b>1,087.44</b>

(₹ in Crores)

**NOTE 10: OTHER CURRENT LIABILITIES**

	As at 31.03.2012	As at 31.03.2011
<b>(a) Current maturities of Long term borrowings</b> (Refer Note 4)	5.26	4.19
<b>(b) Current portion of other Long term liabilities</b> (Refer Note 6)	25.08	11.02
<b>(c) Investor Education and Protection Fund #</b>		
(i) Unpaid/ Unclaimed dividend	4.74	4.10
(ii) Unpaid/ Unclaimed matured deposits [Current year NIL (previous year ₹ 15,000/-)]	-	*
(iii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	0.04	0.04
	4.78	4.14
<b>(d) Other Payables</b>		
Statutory Payables -		
Payable towards Central Sales Tax and VAT	89.88	64.28
Payable towards Excise and Service Tax	14.97	9.42
Payable towards TDS under Income Tax	9.18	5.72
Payable towards Provident Fund, Profession Tax and ESIC	2.70	1.96
Payable towards other taxes	11.70	9.84
Payable towards capital expenditure	197.24	9.90
Payable towards Services received	122.69	94.41
Payable towards Stores, spares and consumables	7.98	4.34
Payable to Employees	74.10	70.15
[including ₹ 2.00 crores due to Managing Director (Previous year ₹ 1.50 crores)]		
Interest accrued but not due on borrowings	0.61	0.06
Provision for other expenses	260.97	242.45
[including ₹ 1.88 crores due to Non-Executive Directors (Previous year ₹ 1.89 crores)]		
	792.02	512.53
	<b>827.14</b>	<b>531.88</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, 2012. These amounts shall be paid to the Fund as and when they become due.

## Notes to Consolidated Financial Statements

**NOTE 11: FIXED ASSETS** (₹ in Crores)

	Gross Block			Depreciation/Amortisation			Impairment			Net Block	
	As at 01.04.11	Additions /Transfer during the year	Deductions /Transfer during the year	As at 01.04.11	Transfers /Difference	As at 31.03.12	As at 01.04.11	Transfers /Difference	As at 31.03.12	As at 31.03.11	As at 31.03.12
<b>A. Tangible Assets:</b>											
Freehold Land	122.08	1.52	0.01	-	-	-	-	-	-	-	123.61
Leasehold Land	98.26	0.58	2.58	3.29	0.13	1.15	(0.77)	-	-	-	96.08
Buildings	475.49	6.81	8.00	77.09	0.83	14.18	0.08	-	-	-	398.02
Leasehold Buildings	35.31	4.05	(2.45)	26.37	3.22	0.96	0.77	-	-	-	7.13
Plant and Equipment	1,010.53	11.73	56.42	465.39	7.16	79.35	6.98	0.04	0.66	0.17	517.18
Assets given on Operating Lease : Tinting systems	13.54	(0.26)	0.88	7.92	(0.09)	0.45	0.27	-	-	0.08	3.90
Scientific Research:											
Buildings	37.38	-	0.30	3.39	-	1.25	-	-	-	-	33.04
Equipment	33.30	-	3.64	14.66	-	3.80	(0.75)	0.48	-	0.26	17.48
Furnitures and Fixtures	44.93	1.70	4.25	27.04	1.27	3.94	0.73	0.91	-	-	17.84
Vehicles											
- Owned	7.54	0.63	1.83	6.07	0.51	1.00	0.30	-	-	-	2.39
- Assets acquired on finance lease	0.99	0.07	0.24	0.47	0.03	0.22	0.14	-	-	-	0.58
Office Equipment	32.68	2.17	9.19	21.49	1.78	3.87	(2.35)	0.21	0.04	0.05	12.67
Leasehold improvements	5.06	-	3.59	3.08	-	1.51	-	-	-	-	4.06
<b>Total Tangible Assets</b>	<b>1,917.09</b>	<b>29.00</b>	<b>88.48</b>	<b>656.26</b>	<b>14.84</b>	<b>111.68</b>	<b>5.40</b>	<b>11.01</b>	<b>0.70</b>	<b>0.56</b>	<b>1,233.98</b>
											<b>1,249.82</b>
<b>B. Intangible Assets :</b>											
Trademark	22.23	-	-	18.44	-	0.74	-	-	-	-	3.05
Computer Software	47.44	0.07	10.69	28.51	0.06	7.99	-	-	-	-	21.64
Others	0.99	0.15	0.08	0.60	0.06	0.02	-	0.25	0.03	-	0.26
Scientific Research:											
Computer Software	-	-	0.10	-	-	-	-	-	-	-	0.10
<b>Total Intangible Assets</b>	<b>70.66</b>	<b>0.22</b>	<b>10.87</b>	<b>47.55</b>	<b>0.12</b>	<b>8.75</b>	<b>-</b>	<b>0.25</b>	<b>0.03</b>	<b>-</b>	<b>25.05</b>
<b>Total (A+B)</b>	<b>1,987.75</b>	<b>29.22</b>	<b>99.35</b>	<b>703.81</b>	<b>14.96</b>	<b>120.43</b>	<b>5.40</b>	<b>11.26</b>	<b>0.70</b>	<b>0.56</b>	<b>1,259.03</b>
Previous year	1,500.39	4.64	516.74	613.34	5.27	112.98	27.78	14.23	0.15	3.16	1,272.68

## Notes to Consolidated Financial Statements

(₹ in Crores)

NOTE 12: NON CURRENT INVESTMENTS			As at 31.03.2012	As at 31.03.2011
	Nos.	Face value (₹)		
<b>I. Unquoted</b>				
<b>A. Trade Investments:</b>				
Investment in Equity Shares				
(a)	12,900	10/-	0.01	0.01
(b)	2,830	100/-	0.03	0.03
(c)	4,92,108	10/-	0.49	0.48
(13,838 shares allotted during the year)				
(d)	(4,78,270)			
(d)	(2,500)	EGP 10/-	-	0.02
Less: Provision for diminution value of investment				
			-	(0.02)
			0.53	0.52
<b>B. Other Investments:</b>				
<b>(a) Investment in Equity Shares</b>				
	62,500	10/-	0.50	0.50
SKH Metals Limited				
			0.50	0.50
<b>(b) Investment in Debt Instruments</b>				
	1,22,476	1,000/-	12.25	-
7.93% Rural Electrification Corporation Ltd. tax free bonds 2022 (1,22,476 units allotted during the year)				
<b>(c) Investment in Government Securities</b>				
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government Authorities				
[₹ 39,500/- (Previous year ₹ 39,500/-)]				
<b>Total Non-Current Unquoted Investments (I)</b>			<b>13.28</b>	<b>1.02</b>
<b>II. Quoted</b>				
<b>Other Investments</b>				
<b>(i) Investment in Equity Shares</b>				
	20,10,626	10/-	41.30	41.30
Akzo Nobel India Ltd. [Formerly ICI (India) Ltd.]				
	4,65,000	2/-	0.12	0.12
Housing Development Finance Corporation Ltd.				
	3,418	10/-	0.01	0.01
Apcotex Industries Ltd.				
	7,000		0.01	0.01
Pan United Corp				
<b>(ii) Investment in Mutual Funds</b>				
	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
HDFC Fixed Maturity Plan 370D March 2011(5) - Growth - Series XVI				
	50,00,000	10/-	5.00	-
UTI Fixed Term Income Fund Series XI-II (400 Days) Growth				
	1,00,00,000	10/-	10.00	-
JP Morgan Fixed Maturity Plan Series 6 Growth				
<b>Total Non-Current Quoted Investments (II)</b>			<b>56.44</b>	<b>61.44</b>
<b>Total Non-Current Investments (I) + (II)</b>			<b>69.72</b>	<b>62.46</b>
Aggregate market value of Non-Current Quoted Investments:			210.09	218.76

Figures in brackets indicate that of previous year.

## Notes to Consolidated Financial Statements

(₹ in Crores)

NOTE 13 : LOANS AND ADVANCES	Non-Current		Current	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>A. Secured and Considered good:</b>				
Capital Advances #	111.67	23.44	-	-
<b>B. Unsecured and Considered good:</b>				
(a) Capital Advances	117.18	5.97	-	-
(b) Sundry deposits	28.59	23.69	17.03	9.74
(c) Loans and advances to related parties				
- Advance contribution to Provident Fund trust	-	-	1.35	-
- Advance contribution to Superannuation fund trust	-	-	0.12	-
(d) Other loans and advances				
- Advances/claims recoverable in cash or in kind	48.95	40.58	115.00	69.89
- Advance payment of Income Tax (Net)	17.61	10.29	-	-
- Balances with Government authorities	2.99	-	48.58	23.95
- Advances to employees	0.29	0.24	4.10	2.89
	327.28	104.21	186.18	106.47
<b>C. Unsecured and Considered doubtful:</b>				
Other loans and advances:				
Advances/claims recoverable in cash or in kind	-	-	2.03	2.68
Less: Provision for doubtful advances / claims recoverable in cash or in kind	-	-	(2.03)	(2.68)
	-	-	-	-
	<b>327.28</b>	<b>104.21</b>	<b>186.18</b>	<b>106.47</b>

# Secured against Bank Guarantee

(₹ in Crores)

NOTE 14: OTHER NON CURRENT ASSETS	31.03.2012	31.03.2011
<b>Long Term Trade Receivables (Refer Note 17)</b>	1.51	1.01
<b>Others:</b>		
Finance Lease Receivables	2.76	3.03
Employee Benefit Asset (Refer Note 30)	17.22	18.95
Other Receivable	0.22	0.13
	<b>21.71</b>	<b>23.12</b>

## Notes to Consolidated Financial Statements

(₹ in Crores)

NOTE 15 : CURRENT INVESTMENTS	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
<b>Quoted</b>				
<b>Investments in Mutual Funds:</b>				
ICICI Prudential Fixed Maturity Plan Series 51 – 15 Months Plan E (50,00,000 units matured during the year)	-	10/-	-	5.00
KOTAK Fixed Maturity Plan Series 6 – Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan Series Y – Growth (50,00,000 units matured during the year)	-	10/-	-	10.00
RELIANCE Fixed Horizon Fund – XIV – Series 1 – Growth Plan (2,00,00,000 units matured during the year)	-	10/-	-	20.00
ICICI Prudential Fixed Maturity Plan Series 51 – 13 Months Plan C * (50,00,000 units matured during the year)	-	10/-	-	5.00
RELIGARE Fixed Maturity Plan-Series II Plan B 15 Months - Growth* (50,00,000 units matured during the year)	-	10/-	-	5.00
DWS Fixed Term Fund - Series 71 – Growth Plan (1,00,00,000 units matured during the year)	-	10/-	-	10.00
SUNDARAM Fixed Term Plan AN 367 Days (50,00,000 units matured during the year)	-	10/-	-	5.00
IDFC Fixed Maturity Yearly Series 33 – Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan AO 367 Days (50,00,000 units matured during the year)	-	10/-	-	5.00
RELIANCE Fixed Horizon Fund - XVI - Series 1 – Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
UTI Fixed Maturity Plan-Yearly Fixed Maturity Plan Series Institutional Growth(12/10) (50,00,000 units matured during the year)	-	10/-	-	5.00
BIRLA SUN LIFE Fixed Term Plan Series CK Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
IDFC Fixed Maturity Yearly Series 35 Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
SUNDARAM Fixed Term Plan AV 366 Days Growth (50,00,000 units matured during the year)	-	10/-	-	5.00
BIRLA SUN LIFE Fixed Term Plan – Series CM Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
RELIGARE Fixed Maturity Plan Series V Plan A 368 Days Growth Plan (1,00,00,000 units matured during the year)	-	10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 55 – 1 Year Plan A Cumulative (1,00,00,000 units matured during the year)	-	10/-	-	10.00
IDFC Fixed Maturity Yearly Series 36 Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
SUNDARAM Fixed Term Plan AW 366 Days Growth (1,00,00,000 units matured during the year)	-	10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 55 – 1 Year Plan B Cumulative (1,00,00,000 units matured during the year)	-	10/-	-	10.00
JM Fixed Maturity Fund Series XIX Plan A – Growth Plan 412 (1,00,00,000 units matured during the year)	-	10/-	-	10.00



## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 15 : CURRENT INVESTMENTS (Contd.)</b>	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
KOTAK Fixed Maturity Plan Series 37 – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
IDFC Fixed Maturity Yearly Series 37 – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
RELIGARE Fixed Maturity Plan – Series V – Plan E 370 Days – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
SUNDARAM Fixed Term Plan AX 366 Days Growth (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
SBI Debt Fund Series-370 Days – 10 Growth (1,10,00,000 units matured during the year)	- (1,10,00,000)	- 10/-	-	11.00
IDFC Fixed Maturity Plan- Yearly Series 41 – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 56 – 1 Year Plan A Cumulative (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
ICICI Prudential Fixed Maturity Plan Series 56 – 1 Year Plan B Cumulative (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
RELIGARE Fixed Maturity Plan Series VI-Plan D-370 Days – Growth Plan (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
KOTAK Fixed Maturity Plan Series 40 – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
KOTAK Fixed Maturity Plan Series 42 – Growth (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
IDFC Fixed Maturity Plan- Yearly Series 42 – Growth (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
RELIGARE Fixed Maturity Plan Series VI-Plan E-367 Days – Growth Plan (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
BIRLA SUN LIFE Fixed Term Plan Series CW Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
TATA Fixed Maturity Plan Series 31 Scheme C – Growth (50,00,000 units matured during the year)	- (50,00,000)	- 10/-	-	5.00
UTI Fixed Term Income Fund Series IX-I ( 367 Days) – Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
UTI Fixed Term Income Fund Series VII-V (366 Days) (2,00,00,000 units matured during the year)	- (2,00,00,000)	- 10/-	-	20.00
SUNDARAM Fixed Term Plan BA 366 Days Growth (1,00,00,000 units matured during the year)	- (1,00,00,000)	- 10/-	-	10.00
IDFC Fixed Maturity Plan Yearly Series 53 – Growth	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	-
HDFC Fixed Maturity Plan 370D March 2011(5) – Growth – Series XVI	1,00,00,000	10/-	10.00	-
ICICI Fixed Maturity Plan Series 56 1 Year Plan E Cumulative	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan BN 366 days Growth	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Plan Yearly Series 52 Growth	2,00,00,000	10/-	20.00	-
SUNDARAM Fixed Term Plan CA 366 days Growth	1,00,00,000	10/-	10.00	-

## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 15 : CURRENT INVESTMENTS (Contd.)</b>	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
RELIGARE Fixed Maturity Plan Series X Plan E (371 Days) – Growth Plan	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Plan Yearly Series 54 Growth	1,00,00,000	10/-	10.00	-
IDFC Fixed Maturity Plan Yearly Series 57 Growth	50,00,000	10/-	5.00	-
DWS Fixed Term Fund-Series 94-Growth Plan	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 60 – 1 year Plan F Cumulative	1,00,00,000	10/-	10.00	-
SUNDARAM Fixed Term Plan CC 366 days Growth	50,00,000	10/-	5.00	-
KOTAK Fixed Maturity Plan Series 68 – Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan – Series 23 – 12M – Growth	50,00,000	10/-	5.00	-
SBI Debt Fund Series-367 Days-13-Growth	1,00,00,000	10/-	10.00	-
BIRLA SUN LIFE Fixed Term Plan Series EE Growth	40,00,000	10/-	4.00	-
TATA Fixed Maturity Plan Series 38 Scheme 1 – Growth	1,00,00,000	10/-	10.00	-
TATA Fixed Maturity Plan Series 39 Scheme A – Growth	50,00,000	10/-	5.00	-
SUNDARAM Fixed Term Plan CJ 366 Days Growth	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 61-1year Plan A cumulative	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 32 – 12M Growth	50,00,000	10/-	5.00	-
UTI Fixed Term Income Fund-Series X – VII (368 Day)	50,00,000	10/-	5.00	-
SBI Debt Fund Series- 367 Days – 16 – Growth	50,00,000	10/-	5.00	-
TATA Fixed Maturity Plan Series 39 scheme D – Growth	50,00,000	10/-	5.00	-
TATA Fixed Maturity Plan Sereis 39 Scheme E – Growth	50,00,000	10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan Series EI Growth	50,00,000	10/-	5.00	-
BIRLA SUN LIFE Fixed Term Plan Series EM Growth	50,00,000	10/-	5.00	-
ICICI Prudential Fixed Maturity Plan Series 62 – 1year Plan B cumulative	40,00,000	10/-	4.00	-
RELIGARE Fixed Maturity Plan Series X11 – PLAN C (368 DAYS) Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 34 – 12M Growth	50,00,000	10/-	5.00	-
IDFC Fixed Maturity Yearly Series 48 Growth	50,00,000	10/-	5.00	-
HDFC Fixed Maturity Plan 370D FEB12 – Growth(2) Series XXI Growth	50,00,000	10/-	5.00	-
DWS Fixed Maturity Plan Series 5 Growth Plan	50,00,000	10/-	5.00	-
KOTAK Fixed Maturity Plan Series 75 – Growth	50,00,000	10/-	5.00	-
UTI Fixed Income Fund – Series X-VIII (368Days) Growth	1,00,00,000	10/-	10.00	-
RELIANCE Fixed Horizon Fund – XXI – Series 6 Growth	50,00,000	10/-	5.00	-
RELIANCE Fixed Horizon Fund – XXI – Series 8 Growth	50,00,000	10/-	5.00	-
DSP BLACK ROCK Fixed Maturity Plan Series 31–12M Growth	50,00,000	10/-	5.00	-
HDFC Fixed Maturity Plan 370D FEB12 – Growth (3) Series XXI Growth	50,00,000	10/-	5.00	-
<b>Total Quoted Current Investments</b>			<b>263.00</b>	<b>341.00</b>
<b>Unquoted Investment</b>				
Treasury Bill - National Societe General Bank			22.02	25.51
<b>Total Unquoted Current Investments</b>			<b>22.02</b>	<b>25.51</b>
<b>Total Current Investments</b>			<b>285.02</b>	<b>366.51</b>

Figures in brackets indicate that of previous year.

## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 16 : INVENTORIES</b>		As at 31.03.2012	As at 31.03.2011
(a) Raw materials		538.51	442.92
Raw materials-in-transit		82.06	99.99
		620.57	542.91
(b) Packing materials		39.92	36.18
(c) Finished goods		807.39	612.23
Finished goods-in-transit		0.77	0.83
		808.16	613.06
(d) Work-in-progress		62.12	62.36
(e) Stores, spares and consumables		28.32	22.51
(f) Stock-in-trade (acquired for trading)		39.80	28.41
		<b>1,598.89</b>	<b>1,305.43</b>

(₹ in Crores)

<b>NOTE 17 : TRADE RECEIVABLES</b>		Non-Current		Current	
		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Secured</b>					
(a) Trade Receivables					
Considered good		-	-	0.87	2.50
Considered doubtful		-	-	-	0.06
		-	-	0.87	2.50
Less: Provision for doubtful trade receivables		-	-	-	0.06
		<b>-</b>	<b>-</b>	<b>0.87</b>	<b>2.50</b>
<b>Unsecured</b>					
(a) Overdue for more than six months					
Considered good		-	-	8.14	7.24
Considered doubtful		-	-	32.25	30.59
		-	-	40.39	37.83
(b) Others					
Considered good		1.51	1.01	772.23	563.36
Considered doubtful		-	-	1.69	2.39
		1.51	1.01	773.92	565.75
		1.51	1.01	814.31	603.58
Less: Provision for doubtful trade receivables		-	-	33.93	32.98
		1.51	1.01	780.38	570.60
		<b>1.51</b>	<b>1.01</b>	<b>781.25</b>	<b>573.10</b>

Notes to Consolidated Financial Statements

(₹ in Crores)

**NOTE 18 : CASH AND BANK BALANCES:**

	As at 31.03.2012	As at 31.03.2011
<b>A. Cash and cash equivalents</b>		
(a) Cash on hand	1.98	0.98
(b) Balances with Banks:		
(i) Current Accounts	99.42	78.84
(ii) Cash Credit Account	6.70	-
(iii) Cheques on hand	47.33	19.57
(iv) Deposit with bank	55.52	18.33
	208.97	116.74
(c) Investment in liquid mutual funds #	395.97	482.98
(d) Others		
Investment in Fixed Deposit :		
Housing Development Finance Corporation Limited	-	10.00
<b>B. Other Bank balances</b>		
(i) Margin money deposit	1.99	1.06
(ii) Unpaid dividend	4.74	4.10
(iii) Term Deposits	10.66	10.37
	17.39	15.53
	<b>624.31</b>	<b>626.23</b>

# Investment in liquid mutual funds	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
<b>Unquoted</b>				
<b>Investments in Mutual Funds:</b>				
BIRLA SUN LIFE Savings Fund – Institutional – Growth (2,43,51,414.831 units sold during the year)	- (2,43,51,414)	- 10/-	-	45.42
ICICI Prudential Flexible Income Plan Premium – Growth (27,24,948.901 units sold during the year)	- (27,24,948)	- 100/-	-	49.80
IDFC Money Manager Fund – Treasury Plan – Super Institutional Plan C – Growth (32,74,568.13 units sold during the year)	- (32,74,568)	- 10/-	-	3.81
RELIGARE Ultra Short Term Fund – Institutional Growth (2,84,667.924 units sold during the year)	- (2,84,667)	- 1,000/-	-	38.47
TATA Floater Fund – Growth (6,37,80,016.607 units sold during the year)	- (6,37,80,016)	- 10/-	-	93.53
SBI–SHF–Ultra Short Term Fund–Institutional Plan–Growth (3,91,18,075.661 units sold during the year)	- (3,91,18,075)	- 10/-	-	50.06
TEMPLETON India Ultra Short Bond Super Institutional Growth Plan (7,70,44,051.05 units sold during the year)	- (7,70,44,051)	- 10/-	-	97.55
BIRLA SUN LIFE Short Term Opportunities Fund –Institutional Growth (89,66,221.89 units sold during the year)	- (89,66,221)	- 10/-	-	10.04
CANARA ROBECO Treasury Advantage Super Institutional Growth Fund (47,36,766.547 units sold during the year)	- (47,36,766)	- 10/-	-	7.03
SUNDARAM Ultra Short Term Fund Super Institutional Growth (1,05,64,676.783 units sold during the year)	- (1,05,64,676)	- 10/-	-	14.00
KOTAK Floater Long Term – Growth (3,47,80,368.271 units sold during the year)	- (3,47,80,368)	- 10/-	-	54.19

## Notes to Consolidated Financial Statements

(₹ in Crores)

# Investment in liquid mutual funds (Contd.)	Nos.	Face value (₹)	As at 31.03.2012	As at 31.03.2011
UTI Treasury Advantage Fund-Institutional Plan – Growth Option (98,721.654 units sold during the year)	- (98,721)	- 1,000/-	-	13.03
BIRLA SUN LIFE Short Term Fixed Maturity Plan Series 29 Growth	1,00,00,000	10/-	10.00	-
UTI Money Market Fund – Institutional Growth Plan	48,966	1,000/-	5.88	-
BIRLA Cash Plus – Institutional Premium Plan Dividend	8,28,521	100/-	14.23	-
JM High Liquidity Fund – Super Institutional Plan	60,34,764	10/-	10.14	-
			<b>40.25</b>	<b>476.93</b>
<b>Quoted</b>				
HDFC Cash Management Fund – Treasury Advantage Plan Wholesale Daily Dividend	2,93,21,525	10/-	69.00	-
TEMPLETON India Ultra Short Bond Super Institutional Growth (Quoted during the year)	7,84,45,041	10/-	108.98	-
TATA Fixed Income Portfolio Fund C2 Institutional Growth	47,82,126	10/-	5.00	-
HDFC Liquid Fund – Premium Plan – Growth	1,07,13,211	10/-	23.01	-
IDFC Ultra Short Term Fund Growth	5,19,77,882	10/-	77.03	-
RELIANCE Liquidity Fund Growth Option	2,99,12,320	10/-	48.31	-
Global Templeton Bonds	58,400		7.78	-
UTI Liquid cash plan Institutional–Daily Income Option–Reinvestment (9,931 units sold during the year)	(9,931)	1,000/-	-	1.01
UTI Treasury Advantage Fund–Institutional Plan–Growth (38,186 units sold during the year)	(38,186)	1,000/-	-	5.04
UTI Treasury Advantage Fund-Institutional Plan (Daily Dividend Option) – Reinvestment	6,102		0.61	-
UTI Treasury Advantage Fund-Institutional Plan (Daily Dividend Option) – Reinvestment	157		0.02	-
UTI Money Market Fund – Institutional Growth Plan	133,132		15.98	-
			<b>355.72</b>	<b>6.05</b>
			<b>395.97</b>	<b>482.98</b>

(₹ in Crores)

**NOTE 19: OTHER CURRENT ASSETS**

	As at 31.03.2012	As at 31.03.2011
Interest accrued on investments	0.45	0.25
Period end quantity discount receivable	67.24	70.28
Royalty receivable	0.14	0.72
Income tax refund receivable	0.66	4.61
Duty Drawback receivable	0.88	1.03
Insurance claim receivable	1.72	0.29
Other receivable	13.13	12.68
	<b>84.22</b>	<b>89.86</b>

## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 20 : REVENUE FROM OPERATIONS</b>	Year 2011-12	Year 2010-11
<b>(a) Sale of products:</b>		
Home Market (Net of Returns)	10,621.93	8,482.95
Exports	156.07	127.81
Turnover	10,778.00	8,610.76
Less: Discounts	400.13	307.26
<b>Sale of products (Net of Discounts)</b>	<b>10,377.87</b>	<b>8,303.50</b>
<b>(b) Revenue from services:</b>		
Revenue from Home Solutions operations	15.17	12.66
Revenue from painting and related services	45.06	30.08
<b>(c) Other operating revenues:</b>		
Processing and service income	25.72	23.62
Scrap sales	7.19	6.63
Lease rent	1.00	1.04
	<b>33.91</b>	<b>31.29</b>
	<b>10,472.01</b>	<b>8,377.53</b>

(₹ in Crores)

<b>NOTE 21 : OTHER INCOME</b>	Year 2011-12	Year 2010-11
<b>(a) Interest</b>		
(i) From Current investments	1.03	0.24
(ii) From others	5.42	10.25
	<b>6.45</b>	<b>10.49</b>
<b>(b) Insurance claims received</b>	<b>0.50</b>	<b>0.11</b>
<b>(c) Dividend received</b>		
(i) From Non-Current investments	4.04	3.56
(ii) From Current investments	37.53	31.91
	<b>41.57</b>	<b>35.47</b>
<b>(d) Royalty</b>	<b>3.03</b>	<b>2.82</b>
<b>(e) Profit on sale of long-term investments (Net) #</b>	<b>32.48</b>	<b>-</b>
<b>(f) Profit on sale of short-term investments (Net)</b>	<b>0.84</b>	<b>0.45</b>
<b>(g) Profit on sale of fixed assets (Net)</b>	<b>0.23</b>	<b>2.69</b>
<b>(h) Net gain on foreign currency transactions and translations (Other than considered as finance cost)</b>	<b>-</b>	<b>3.48</b>
<b>(i) Other non-operating income</b>	<b>22.31</b>	<b>12.47</b>
	<b>107.41</b>	<b>67.98</b>

# As at 31<sup>st</sup> March, 2011, these Long-term investments are classified under Current investments as their maturity period is less than 12 months.



## Notes to Consolidated Financial Statements

(₹ in Crores)

NOTE 22:	Year 2011-12	Year 2010-11
<b>(A) COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	542.91	379.47
Add: Purchases	4,947.59	3,868.84
	5,490.50	4,248.31
Less: Closing Stock	620.57	542.91
	4,869.93	3,705.40
<b>Packing Materials Consumed</b>		
Opening Stock	36.18	23.45
Add: Purchases	854.34	732.55
	890.52	756.00
Less: Closing Stock	39.92	36.18
	850.60	719.82
<b>TOTAL COST OF MATERIALS CONSUMED</b>	<b>5,720.53</b>	4,425.22
<b>(B) PURCHASES OF STOCK-IN-TRADE</b>	<b>229.42</b>	200.77
<b>(C) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Stock at the beginning of the year</b>		
Finished Goods	613.06	466.33
Work-in-Progress	62.36	42.97
Stock-in-trade	28.41	25.21
Total	703.83	534.51
<b>Stock at the end of the year</b>		
Finished Goods	808.16	613.06
Work-in-Progress	62.12	62.36
Stock-in-trade	39.80	28.41
Total	910.08	703.83
Changes in inventories	(206.25)	(169.32)
Increase in Excise duty on finished goods	33.30	17.89
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	<b>(172.95)</b>	(151.43)

(₹ in Crores)

NOTE 23: EMPLOYEE BENEFITS EXPENSE	Year 2011-12	Year 2010-11
Salaries and wages	450.07	388.77
Contribution to Provident and other Funds (Refer Note 30)	33.96	34.52
Staff welfare expenses	41.94	30.70
	<b>525.97</b>	453.99

## Notes to Consolidated Financial Statements

(₹ in Crores)

<b>NOTE 24 : OTHER EXPENSES</b>	Year 2011-12	Year 2010-11
Consumption of Stores, spares and consumables	27.06	27.93
Power and fuel	84.74	74.56
Processing charges	60.40	51.24
Repairs and Maintenance:		
Buildings	7.77	9.87
Machinery	15.85	12.92
Other assets	24.08	23.35
	47.70	46.14
Rent	87.96	62.10
Rates and taxes	22.82	17.70
Water charges	2.67	2.63
Insurance	8.34	7.53
Printing, stationery and communication expenses	37.93	30.94
Travelling expenses	55.72	46.41
Donations	1.14	2.17
Commission to Non-Executive Directors	1.88	1.89
Directors' sitting fees	0.25	0.17
Auditors' remuneration	3.70	3.44
Bank charges	2.41	2.77
Net loss on foreign currency transactions and translations (Other than considered as finance cost)	29.60	-
Premuim on forward exchange contract amortized	0.72	0.58
Information Technology expenses	20.91	12.72
Legal and professional expenses	18.59	15.25
Training and recruitment	10.65	7.97
Freight and handling charges	396.28	305.61
Advertisement and sales promotional expenses	410.11	342.58
Cash discount	399.44	319.39
Commission on Sales	1.55	1.46
Bad debts written off	4.74	4.52
Provision for doubtful debts and advances	(0.89)	2.39
Miscellaneous expenses	84.08	75.56
	<b>1,820.50</b>	<b>1,465.65</b>

(₹ in Crores)

<b>NOTE 25 : FINANCE COSTS</b>	Year 2011-12	Year 2010-11
Interest on Bank Borrowings	9.11	7.41
Interest on Bill Discounting	24.22	11.69
Interest on Foreign Currency Loans	1.21	-
Net loss on foreign currency transactions and translation on borrowings (considered as finance cost)	5.23	0.98
Other Interest	1.20	3.13
	<b>40.97</b>	<b>23.21</b>

## Notes to Consolidated Financial Statements

### NOTE 26: Contingent Liabilities and commitments:

(₹ in Crores)

<b>a) Contingent Liabilities</b>	As at 31.03.2012	As at 31.03.2011
1. Guarantee given:		
i. to bank on behalf of parent Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems	2.49	5.33
ii. to others	10.58	10.02
2. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	93.72	70.13
ii. Others	9.37	8.42
3. 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's High Court Action No. 3085 of 2004. 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.		

(₹ in Crores)

<b>b) Commitments:</b>	As at 31.03.2012	As at 31.03.2011
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	356.45	302.54
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31 <sup>st</sup> March, 2012.	173.37	82.58
3. 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 forward exchange contract outstanding as at 31<sup>st</sup> March, 2012 is as under:-

As at 31.03.2012				As at 31.03.2011			
Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)	Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
USD	31	21.07	109.54	USD	16	2.32	10.39

## Notes to Consolidated Financial Statements

### NOTE 27: 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, 2012	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period
Asian Paints (Nepal) Private Limited	Nepal	51.00%	51.00%	15 <sup>th</sup> March, 2011 – 13 <sup>th</sup> March, 2012
Asian Paints (International) Limited	Mauritius	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints Industrial Coatings Limited	India	100.00%	100.00%	1 <sup>st</sup> April 2011 – 31 <sup>st</sup> March, 2012
Multifacet Infrastructure (India) Limited	India	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Maxbhumi Developers Limited	India	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
AP Coatings Limited *	India	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012

\* 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, 2012	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period
Asian Paints (South Pacific) Limited*	Fiji Islands	53.15%	51.30%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (S.I.) Limited	Solomon Islands	75.00%	75.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00%	60.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (Lanka) Limited *	Sri Lanka	99.18%	98.86%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (Bangladesh) Limited	Bangladesh	89.78%	89.78%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00%	49.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
SCIB Chemicals S.A.E.	Egypt	60.00%	60.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Samoa Paints Limited	Samoa	80.00%	80.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Berger International Limited	Singapore	50.10%	50.10%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012

\* Indicates increase in stake during the year

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

Taubmans Paints (Fiji) Limited	Fiji Islands	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
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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 accounts have been submitted to the Registrar of the Companies for striking off the name from the list of companies.

## Notes to Consolidated Financial Statements

### iii) Subsidiaries of Berger International Limited

Name of the Company	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2012	% of Holding as on 31 <sup>st</sup> March, 2011	Accounting period
Berger Paints Singapore Pte. Limited	Singapore	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Berger Building Services (Singapore) Pte. Limited	Singapore	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Enterprise Paints Limited	Isle of Man, U.K.	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Universal Paints Limited	Isle of Man, U.K.	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Lewis Berger (Overseas Holdings) Limited	U.K.	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012

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

Berger Contractor (Singapore) Pte. Limited*	Singapore	-	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
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\*Struck off from the list of companies by Registrar of Companies, Singapore in October, 2011 .

### v) Subsidiary of Enterprise Paints Limited

Nirvana Investments Limited	Isle of Man, U.K.	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
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### vi) Subsidiary of Nirvana Investments Ltd.

Berger Paints Emirates Limited	U.A.E.	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
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### vii) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.

Berger Paints Jamaica Limited	Jamaica	51.00%	51.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Berger Paints Trinidad Limited	Trinidad	70.00%	70.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
Berger Paints Barbados Limited	Barbados	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012

### viii) Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.	Bahrain	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
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### ix) Joint Venture :

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

Asian Paints PPG Ltd.\* (incorporated in August, 2011) a second joint venture between the parent company and PPG Industries Securities Inc., U.S.A., wherein the parent company has 50% equity participation.

#### \*Formation of Second Joint Venture with PPG Industries Inc., USA :

To give effect to the formation of the Second Joint Venture, a Composite Scheme of Restructuring has been filed with the Hon'ble High Court of Judicature of Bombay in February, 2012 whereby AP Coatings Limited and PPG Coatings India Private Limited (subsidiary of PPG Industries Securities Inc. in India) will merge with Asian PPG Industries Limited (APPG) (first Joint Venture between Asian Paints and PPG). The Scheme then provides for the demerger of the Liquid Industrial Paints, Powder Coatings and Protective Coatings businesses from APPG into Asian Paints

## Notes to Consolidated Financial Statements

PPG Limited (second Joint Venture Company between Asian Paints and PPG, incorporated in August, 2011). The "Appointed Date" to give effect to the above has been fixed as 1<sup>st</sup> April, 2012. The same is subject to the approval of the Hon'ble High Court of Judicature of Bombay and other regulatory approvals as may be required.

### x) Direct subsidiary of Asian PPG Industries :

Faaber Paints Private Limited	India	100.00%	100.00%	1 <sup>st</sup> April, 2011 – 31 <sup>st</sup> March, 2012
PPG Asian Paints Lanka Private Ltd*	Sri Lanka	100.00%	-	19 <sup>th</sup> April, 2011 – 31 <sup>st</sup> March, 2012

\* Incorporated in April 2011.

### NOTE 28: Principles of consolidation

- The financial statements of Asian Paints Limited together with audited financial statements of its subsidiaries and joint ventures as described in Note 27 have been considered for the purpose of consolidation.
- The financial statements of the parent company and its subsidiaries and joint venture as described in Note No. 27 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 statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post – acquisition increase in the relevant reserves of the subsidiaries/joint venture.
- 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.
- 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.
- The unamortized carrying value of goodwill is tested for impairment as at each balance sheet date.

**NOTE 29:** 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, 2012 is as follows –

(₹ in Crores)

Name of the Company	% of Shareholding	Amount of interest based on accounts for the year ended 31 <sup>st</sup> March, 2012*					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Asian PPG Industries Ltd.	50%	239.71	121.29	344.21	330.81	11.22	3.73
		(192.03)	(86.96)	(295.68)	(278.87)	(6.71)	(1.22)
Asian Paints PPG Ltd.	50%	0.11	0.02	-	0.04	-	-
		(-)	(-)	(-)	(-)	(-)	(-)

\* Figures in brackets indicate that of previous year.

- No contingent liabilities and capital commitments have been incurred as at 31<sup>st</sup> March, 2012 in relation to the parent company's interests in the JV along with the other venture. (Previous year ₹ Nil).



## Notes to Consolidated Financial Statements

### NOTE 30: Employee Benefits

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

The liability towards short-term employee benefits for the year ended 31<sup>st</sup> March, 2012 has been recognised in the Statement of Profit and Loss.

#### (2) Post-employment benefits:

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

##### (a) Gratuity, Pension, Leaving Indemnity and Medical benefit plans.

(₹ in Crores)

	Gratuity and Pension (Funded)		Pension, Leaving Indemnity and Medical Plan (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Amount Recognised in Balance Sheet</b>				
Present Value of Funded Obligations	163.67	134.96	-	-
Fair Value of Plan Assets	(175.28)	(143.15)	-	-
Present Value of Unfunded Obligations	-	-	15.12	15.88
Amount not recognised as Asset, because of the limitation as per AS-15 (Revised) and unrecognised actuarial gains/losses	(3.81)	(2.46)	0.70	(1.54)
<b>Net Liability/(Asset)</b>	<b>(15.42)</b>	<b>(10.65)</b>	<b>15.82</b>	<b>14.34</b>
<b>Amounts in Balance Sheet</b>				
Liability	4.41	8.30	15.82	14.34
Assets	(19.83)	(18.95)	-	-
<b>Net Liability/(Asset)</b>	<b>(15.42)</b>	<b>(10.65)</b>	<b>15.82</b>	<b>14.34</b>
<b>Expense Recognised in the Statement of Profit and Loss</b>				
Current Service Cost	9.75	7.37	0.84	0.83
Interest on Defined Benefit Obligation	11.65	10.23	1.38	1.37
Expected Return on Plan Assets	(12.17)	(9.83)	-	-
Net Actuarial Losses/(Gains) Recognized in Year	(2.20)	3.63	(0.31)	0.23
Past Service Cost	4.02	-	-	-
Adjustment for current year unutilised asset	0.32	0.81	-	-
<b>Total, Included in "Employee Benefit Expense"</b>	<b>11.37</b>	<b>12.21</b>	<b>1.91</b>	<b>2.43</b>
Actual Return on Plan Assets	12.22	9.21	-	-
<b>Movement in the asset recognised in the balance sheet:</b>				
Opening Net (Asset)/Liability	(10.65)	(8.61)	14.34	12.42
Currency translation difference	(2.09)	(0.45)	1.11	0.24
Total charge as above	11.37	12.21	1.91	2.43
Contribution	( 14.05)	(13.80)	(1.54)	(0.75)
<b>Closing Net (Asset)/Liability</b>	<b>(15.42)</b>	<b>(10.65)</b>	<b>15.82</b>	<b>14.34</b>

## Notes to Consolidated Financial Statements

(₹ in Crores)

	Gratuity and Pension (Funded)		Pension, Leaving Indemnity and Medical Plan (Unfunded)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
<b>Reconciliation of Benefit Obligations and Plan Assets for the Period</b>				
<b>Change in Defined Benefit Obligation</b>				
Opening Defined Benefit Obligation	134.96	120.46	15.88	15.18
Current Service Cost	9.75	7.37	0.84	0.83
Interest Cost	11.65	10.23	1.38	1.37
Actuarial Losses/(Gain)	(1.20)	3.28	(2.62)	(1.12)
Past Service Cost	4.02	-	-	-
Liability assumed on transfer of employees	1.81	-	-	-
Annuities Purchased	6.67	-	-	-
Exchange Difference on Foreign Plans	6.96	1.01	1.18	0.37
Member Contributions	0.88	0.77	-	-
Benefits Paid	(11.83)	(8.17)	(1.54)	(0.75)
<b>Closing Defined Benefit Obligation as at 31<sup>st</sup> March, 2012</b>	<b>163.67</b>	<b>134.96</b>	<b>15.12</b>	<b>15.88</b>
<b>Change in Fair Value of Assets</b>				
Opening Fair Value of Plan Assets	143.15	126.29	-	-
Expected Return on Plan Assets	12.17	9.83	-	-
Actuarial Gain/(Losses)	(0.31)	(0.85)	-	-
Fund received on transfer of employees	1.81	-	-	-
Contributions by Employer	14.05	13.80	0.47	0.75
Annuities Purchased	6.67	-	-	-
Exchange Difference on Foreign Plans	8.69	1.48	-	-
Member Contributions	0.88	0.77	-	-
Benefits Paid	(11.83)	(8.17)	(0.47)	(0.75)
<b>Closing Fair Value of Plan Assets as at 31<sup>st</sup> March, 2012</b>	<b>175.28</b>	<b>143.15</b>	<b>-</b>	<b>-</b>
<b>Summary of the Actuarial Assumptions</b>				
Discount Rate	5.5 to 10%	6.25 to 10.5%	5.0 to 8.5%	5.0 to 8.35%
Expected Rate of Return on Assets	5.5 to 8.5%	6.25 to 8.5%		

## Notes to Consolidated Financial Statements

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

(₹ in Crores)

	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
<b>Gratuity and Pension (Funded)</b>					
Defined Benefit Obligation	163.67	134.96	120.46	115.05	95.09
Plan Assets	175.28	143.15	126.29	125.30	111.27
Surplus	11.61	8.19	5.83	10.25	16.18
Experience adjustment on plan Liabilities	(0.06)	0.03	(2.17)	4.74	1.85
Experience adjustment on plan assets	(2.60)	0.57	(0.62)	(4.47)	1.48
<b>Pension and Medical Plan (Unfunded)</b>					
Defined Benefit Obligation	15.12	15.88	15.18	13.16	10.05
Plan Assets	-	-	-	-	-
(Deficit)	(15.12)	(15.88)	(15.18)	(13.16)	(10.05)
Experience adjustment on plan Liabilities	(2.46)	(0.57)	(2.38)	0.88	(0.60)
Experience adjustment on plan assets	-	-	-	-	-

- 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.
- The Group estimates that the amount to be contributed to the gratuity and pension fund for the financial year 2012-13 will be ₹ 5.4 crores.

### (b) Provident Fund

The provident fund assets and liabilities of the parent and one of its joint venture (Asian PPG Industries Ltd.) is managed by its respective provident fund trusts.

The guidance on implementing AS-15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. Till 31<sup>st</sup> March, 2011, pending the issuance of the guidance note from Institute of Actuaries of India, the actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the related information were not exhibited. The Institute of Actuaries of India has issued the final guidance for measurement of provident fund liabilities during the quarter ended 31<sup>st</sup> December, 2011. The actuary has accordingly provided a valuation and based on the below provided assumptions there is no shortfall as at 31<sup>st</sup> March, 2012. (This being the first year of valuation, comparatives of previous period is not available.)

The details of benefit obligation and plan assets of the provident funds as at 31<sup>st</sup> March, 2012 is as given below:

(₹ in Crores)

Particulars	31 <sup>st</sup> March, 2012
Present value of benefit obligation at period end	218.56
Plan assets at period end, at fair value, restricted to	218.56
Asset recognised in balance sheet	-

Assumptions used in determining the present value obligation of the interest rate guarantee are as under:

Particulars	31 <sup>st</sup> March, 2012
Discount Rate	8.5% to 8.6%
Statutorily Guaranteed interest rate	8.25%

## Notes to Consolidated Financial Statements

<b>NOTE 31: EARNINGS PER SHARE</b>	2011-2012	2010-2011
Basic and diluted earnings per share before exceptional item in rupees (face value - ₹ 10/- per share)	103.08	87.91
Basic and diluted earnings per share attributable to shareholders in rupees (face value - ₹ 10/- per share)	103.08	87.91
Profit attributable to shareholders before exceptional item as per Statement of Profit and Loss (₹ in crores)	988.73	843.24
Profit attributable to shareholders as per Statement of Profit and Loss (₹ in crores)	988.73	843.24
Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

**NOTE 32: Pursuant to the Accounting Standard (AS 19) – Leases, the following information is given:**

- I. (a) The parent company has provided tinting systems to its dealers on an operating lease basis. The lease period varies between four to ten years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement. The equipment shall be used only to tint the products of the lessor.
- (b) Certain subsidiaries provide tinting systems to their dealers on an operating lease basis. The lease normally ranges for a 5 year period. A security deposit is collected at the time of signing the agreement.
- (c) Future minimum lease rentals receivable as at 31<sup>st</sup> March, 2012 as per the lease agreements:

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
Not later than one year	0.42	0.33
Later than one year and not later than five years	0.39	0.38
Later than five years	-	-
<b>Total</b>	<b>0.81</b>	<b>0.71</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. (Previous year 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 Note '11' 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, 2012 as per the lease agreements:

	(₹ in Crores)	
	As at 31.03.2012	As at 31.03.2011
i) Not later than one year	9.12	8.22
ii) Later than one year and not later than five years	12.00	12.27
iii) Later than five years	0.79	0.77
<b>Total</b>	<b>21.91</b>	<b>21.26</b>

## Notes to Consolidated Financial Statements

(e) Lease payments recognised in the statement of profit and loss for the period is ₹ 12.64 crores (Previous year ₹ 12.36 crores).

(f) Total amount of contingent rents recognised as expense – ₹ NIL, (Previous year ₹ 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, 2012 as per the lease agreements:

(₹ in Crores)

	As at 31.03.2012			As at 31.03.2011		
	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	0.23	0.04	0.19	0.19	0.05	0.14
ii) Later than one year and not later than five years	0.46	0.06	0.40	0.44	0.06	0.38
iii) Later than five years	-	-	-	0.02	0.01	0.01
<b>Total</b>	<b>0.69</b>	<b>0.10</b>	<b>0.59</b>	<b>0.65</b>	<b>0.12</b>	<b>0.53</b>

c) The information on gross amount of leased assets, depreciation and impairment is given in Note '11' 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, 2012 as per the lease agreements:

(₹ in Crores)

	As at 31.03.2012			As at 31.03.2011		
	Minimum lease payments	Unearned finance income	Present value	Minimum lease payments	Unearned finance income	Present value
i) Not later than one year	0.59	0.24	0.35	0.73	0.33	0.40
ii) Later than one year and not later than five years	0.13	0.02	0.11	0.21	0.05	0.16
iii) Later than five years	-	-	-	-	-	-
<b>Total</b>	<b>0.72</b>	<b>0.26</b>	<b>0.46</b>	<b>0.94</b>	<b>0.38</b>	<b>0.56</b>

**NOTE 33: 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, 2012 is as follows:**

(₹ in Crores)

	Provision for Excise (1)		Provision for Sales Tax (1)		Provision for Warranties (2)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Opening Balance	1.15	1.36	8.61	8.11	1.91	1.44
Additions/(writeback)	0.10	0.04	1.34	0.50	(0.05)	0.31
Utilisations	-	(0.25)	-	-	(0.16)	(0.01)
Reversals	-	-	-	-	-	-
Currency translation	-	-	-	-	0.23	0.17
<b>Closing Balance</b>	<b>1.25</b>	<b>1.15</b>	<b>9.95</b>	<b>8.61</b>	<b>1.93</b>	<b>1.91</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.

## Notes to Consolidated Financial Statements

**NOTE 34: Information on related party transactions as required by Accounting Standard (AS) 18 for the year ended 31<sup>st</sup> March, 2012.**

(₹ in Crores)

Particulars	Key Management Personnel <sup>^</sup>		Companies Controlled by Directors/Relatives		Employee benefit plans where control exists		Promoters and their relatives having control <sup>^</sup>		Others	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sale of goods			5.38	2.52						
Purchase of goods			228.89	193.51						
Processing of goods (Expense)			-	0.52						
Other recoveries			0.30	0.46						
Remuneration	12.19	10.24					3.44	3.29		
Commission to Non-Executive Directors							0.88	0.83		
Sitting Fees Paid to Non-Executive Directors							0.09	0.06		
Other services			0.35	0.34						
Retiral Benefits							0.22	0.22		
Donation									-	1.00
Purchase of Assets			1.06	0.43						
Sale of Assets			0.08	-						
Contributions during the year					26.20	23.80				
<b>Outstanding as at 31<sup>st</sup> March:</b>										
Loans					1.47	-				
Amount receivables			0.93	0.29						
Amount payable	2.00	1.50	4.85	1.42	6.47	10.13	0.88	0.83		

<sup>^</sup> 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 personnel :**

Mr. P. M. Murty \*

Managing Director & CEO (upto 31<sup>st</sup> March, 2012)

Mr. K. B. S. Anand \*

Additional Director, Managing Director & CEO (w.e.f. 1<sup>st</sup> April, 2012)

\* The contractual terms of agreement for appointment of Mr. P M Murty as Managing Director & CEO came to an end on 31<sup>st</sup> March, 2012. Mr. K. B. S. Anand has been appointed as the Additional Director, Managing Director & CEO of the Company with effect from 1<sup>st</sup> April, 2012.

**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:**

Mr. Ashwin Choksi

Mr. Ashwin Dani

Mr. Abhay Vakil

Mr. Mahendra Choksi

Mr. Amar Vakil

Mrs. Ina Dani

**Designation**

Non-Executive Chairman

Non-Executive Vice Chairman

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director



## Notes to Consolidated Financial Statements

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

Mr. Jalaj Dani \*  
 Mr. Manish Choksi\*\*  
 Mr. Jigish Choksi  
 Mr. Varun Vakil

- \* Mr. Jalaj Dani, a relative of parent Company's Non-Executive Vice Chairman is also Executive Chairman of Berger International Limited and director on some of the subsidiary companies.
- \*\* Mr. Manish Choksi, a relative of parent Company's Non-Executive Director is also on the board of a subsidiary company and a joint venture.

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

AR Intertect Design Pvt. Ltd.	Haish Holding & Trading Co Pvt. Ltd.	Resins and Plastics Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Himanshu Holdings Pvt. Ltd.	Ricinash Oil Mills Ltd.
Castle Investment and Industries Pvt. Ltd.	Hiren Holdings Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Hitech Plast Ltd.	S.C. Dani Research Foundation Pvt. Ltd.
Clear Mipak Packaging Solutions Ltd.	ISIS Holding & Trading Co Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Coatings Specialities (India) Ltd.	Jalaj Trading and Investments Co. Pvt. Ltd.	Sapan Investments Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Jaldhar Investments and Trading Co Pvt. Ltd.	Satyadhama Investments & Trading Co. Pvt. Ltd.
Dani Finlease Ltd.	Kalica Paper Industries Pvt. Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Lambodar Investments & Trading Co Ltd	Suprasad Investments & Trading Co. Pvt. Ltd.
Elcid Investments Ltd.	Lyon Investment and Industries Pvt. Ltd.	Suptaswar Investments and Trading Co. Ltd.
ELF Trading and Chemicals Mfg. Ltd.	Murahar Investments and Trading Co. Ltd	Suryakant Paint Accessories Pvt. Ltd.
Express Engineering and Construction Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Tru Trading and Investments Pvt. Ltd.
Express Restaurant Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Ultramarine & Pigments Ltd.
Express Transport Pvt. Ltd.	Omega Properties Pvt. Ltd.	Unnati Trading and Investments Pvt. Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Vijal Holding & Trading Co. Pvt. Ltd.
Gujarat Organics Ltd.	Rangudyan Insurance Broking Services 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	Aegis Estates Ltd. (formerly known 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

## Notes to Consolidated Financial Statements

NOTE 35: Segment Information for the year ended 31<sup>st</sup> March, 2012

## (i) Primary segment information:

## Business segment:

(₹ in Crores)

	2011-12			2010-11		
	Paints	Others*	Total	Paints	Others*	Total
<b>REVENUE</b>						
External Sales (Net)	9,514.14	118.10	9,632.24	7,642.27	80.02	7,722.29
Inter-Segment Sales	–	138.26	138.26	–	110.02	110.02
Other income	17.28	1.50	18.78	15.79	1.41	17.20
<b>Total Revenue</b>	<b>9,531.42</b>	<b>257.86</b>	<b>9,789.28</b>	<b>7,658.06</b>	<b>191.45</b>	<b>7,849.51</b>
<b>RESULT</b>						
Segment result	1,500.76	23.84	1,524.60	1,284.68	18.92	1,303.60
Unallocated expenses			(118.20)			(71.42)
<b>Operating Profit</b>			<b>1,406.40</b>			<b>1,232.18</b>
Finance costs			(40.97)			(23.21)
Interest income			6.45			10.49
Dividends			41.58			35.47
Profit on sale of short-term investments			0.84			0.45
Profit on sale of long-term investments			32.48			-
Profit on sale of fixed assets			0.23			2.69
Miscellaneous income			7.07			1.67
Tax expenses			(433.50)			(378.39)
<b>Profit after tax</b>			<b>1,020.58</b>			<b>881.35</b>
<b>OTHER INFORMATION</b>						
Segment assets	4,706.70	84.43	4,791.13	3,406.62	73.12	3,479.74
Unallocated assets			1,105.08			1,130.84
<b>Total assets</b>			<b>5,896.21</b>			<b>4,610.58</b>
Segment liabilities	2,131.89	32.90	2,164.79	1,657.06	26.12	1,683.18
Unallocated liabilities			982.92			739.98
<b>Total liabilities</b>			<b>3,147.71</b>			<b>2,423.16</b>
Capital expenditure	653.70	1.69	655.39	130.18	4.90	135.08
Unallocated capital expenditure			18.01			17.75
<b>Total</b>			<b>673.40</b>			<b>152.83</b>
Depreciation/Impairment	117.08	2.79	119.87	109.18	2.96	112.14
Unallocated Depreciation/Impairment			1.26			0.99
<b>Total</b>			<b>121.13</b>			<b>113.13</b>

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

## Notes to Consolidated Financial Statements

### (ii) Secondary segment information:

#### Geographical Segment:

(₹ in Crores)

	2011-12			2010-11		
	Domestic Operations	International Operations	Total	Domestic Operations	International Operations	Total
Segment revenue	8,593.67	1,195.61	9,789.28	6,813.57	1,035.94	7,849.51
Carrying cost of segment assets	5,155.59	740.62	5,896.21	3,959.06	651.52	4,610.58
Additions to fixed and intangible assets	69.84	29.51	99.35	457.53	59.21	516.74

**NOTE 36:** The previous year's figures have been re-grouped / re-classified to conform to this year's classification which is as per Revised Schedule VI. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as at 31<sup>st</sup> March, 2011.

#### Signatures to Notes to Consolidated Financial Statements

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

**K. B. S. Anand**

Managing Director  
& CEO

**Tarjani Vakil**

Chairperson of  
Audit Committee

**Ashish Shah**

Partner  
Membership No. 103750

**Natraj Ramakrishna**

Partner  
Membership No. 32815

**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

Mumbai  
8<sup>th</sup> May, 2012

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

All figures except exchange rates in ₹ Crores

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		Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period
AP Coatings Ltd	₹	1.00	1.00	Nov 10 to Mar 12	65.05	0.05	(8.20)	(0.01)	84.55	0.01	141.40	0.05	-	222.74	-	(8.19)	(0.01)	-	-	-	-	-	-	-
Asian Paints (Bangladesh) Ltd	Taka	0.63	0.64	Apr 11 to Mar 12	24.93	25.08	(13.08)	(11.56)	35.26	24.48	47.11	37.99	-	115.03	92.70	(1.75)	2.93	0.17	(0.98)	(1.59)	1.95	-	-	
Asian Paints (International) Ltd	US\$	50.88	46.40	Apr 11 to Mar 12	126.02	112.44	33.69	25.01	8.71	7.35	188.41	144.80	7.79	-	-	24.13	21.26	(1.00)	(0.89)	23.13	20.37	17.48		
Asian Paints (Middle East) LLC	OMR	132.53	118.24	Apr 11 to Mar 12	8.24	7.35	14.97	11.36	16.86	15.44	40.07	34.15	-	63.76	48.84	3.89	4.30	(0.42)	(0.61)	3.47	3.69	1.24	1.03	
Asian Paints (Nepal) Pvt Ltd	Nepal Rs	0.63	0.64	15th Mar 11 to 13th Mar 12	1.34	1.37	29.38	19.96	28.02	18.43	58.74	39.76	-	91.87	64.70	14.92	11.45	(3.10)	(2.26)	11.83	9.19	2.02	2.06	
Asian Paints (S.I.) Ltd	S/\$	7.53	6.31	Apr 11 to Mar 12	0.47	0.40	8.77	7.41	3.11	2.25	12.36	10.06	1.53	1.39	13.21	10.72	4.10	4.39	0.04	0.11	4.14	4.49	4.22	4.35
Asian Paints (South Pacific) Fij Ltd	Fiji \$	28.75	25.09	Apr 11 to Mar 12	1.37	1.19	30.51	27.79	14.56	14.09	46.43	43.07	2.01	2.16	67.15	52.71	6.90	7.31	(1.42)	(1.60)	5.49	5.72	6.83	
Asian Paints (Tongat) Ltd	\$ Top	30.22	24.41	Apr 11 to Mar 12	0.36	0.29	4.81	4.27	1.30	0.38	6.48	4.94	0.73	0.63	5.10	3.32	0.25	0.20	(0.18)	0.01	0.07	0.20	0.54	
Asian Paints (Vanuatu) Ltd	Vatu	0.57	0.50	Apr 11 to Mar 12	1.76	1.56	2.07	3.37	1.44	1.09	5.27	6.02	0.01	0.01	5.78	6.67	0.82	1.95	-	-	0.82	1.95	2.56	2.27
Asian Paints Industrial Coatings Ltd	₹	1.00	1.00	Apr 11 to Mar 12	30.45	30.45	10.86	9.95	3.89	20.52	45.20	60.32	16.61	6.05	43.75	73.06	1.90	3.23	(0.39)	(0.46)	1.51	2.76	-	-
Asian Paints Lanka Ltd	SL Rs	0.40	0.41	Apr 11 to Mar 12	31.27	22.12	(2.60)	(4.51)	16.22	18.53	44.88	36.14	-	64.39	49.88	3.56	2.63	(1.82)	(1.97)	1.74	0.66	-	-	-
Berger Building Services (Singapore) Pte Ltd	SG\$	40.48	32.20	Apr 11 to Mar 12	4.05	3.60	(4.05)	(3.60)	-	-	-	-	-	-	-	0.08	0.04	-	-	0.08	0.04	0.08	-	
Berger Contractor (Singapore) Pte Ltd	SG\$	-	35.98	-	-	-	-	(16.19)	-	-	-	-	-	-	-	-	0.09	-	-	-	-	-	-	
Berger International Ltd	SG\$	40.48	35.98	Apr 11 to Mar 12	148.76	132.21	(193.33)	(175.59)	179.26	159.16	134.09	115.79	-	-	-	4.32	0.05	(0.69)	(0.12)	3.63	(0.07)	-	-	
Berger Paints Bahrain W.L.L.	BHD	135.61	120.76	Apr 11 to Mar 12	5.67	5.05	24.48	21.10	10.80	10.58	40.96	36.72	-	64.54	52.37	6.21	4.45	-	-	6.21	4.45	5.42	6.04	
Berger Paints Barbados Ltd	Barbados \$	26.00	23.11	Apr 11 to Mar 12	4.89	4.34	15.13	13.40	7.80	7.74	27.82	25.49	-	40.72	34.73	1.14	3.32	(0.05)	(0.32)	1.09	3.00	1.04	0.58	
Berger Paints Emirates Ltd	AED	13.85	12.36	Apr 11 to Mar 12	1.39	1.24	17.49	23.51	51.96	46.26	70.84	71.00	-	142.83	120.84	(3.31)	0.58	-	-	(3.31)	0.58	5.54	-	
Berger Paints Jamaica Ltd	Jamaican \$	0.60	0.54	Apr 11 to Mar 12	8.45	7.86	19.69	17.44	20.50	22.16	48.64	47.26	-	91.79	80.94	2.94	5.46	(0.96)	(1.80)	1.99	3.66	1.53	3.32	
Berger Paints Singapore Pte Ltd	SG\$	40.48	35.98	Apr 11 to Mar 12	58.87	52.32	(35.02)	(30.20)	18.72	18.26	42.57	40.37	0.02	0.01	74.38	73.52	(1.09)	3.93	0.06	(0.54)	(1.03)	3.39	-	
Berger Paints Trinidad Ltd	Trinidad \$	8.10	7.24	Apr 11 to Mar 12	4.78	4.28	18.58	15.47	10.62	11.62	33.98	31.37	-	48.13	40.78	1.83	1.63	(0.33)	(0.63)	1.49	1.00	0.21	-	
Enterprise Paints Ltd	GBP	81.36	72.79	Apr 11 to Mar 12	1.18	1.06	(13.79)	(15.82)	17.55	15.41	4.94	0.85	-	-	-	3.89	-	-	-	3.89	-	-	-	
Lewis Berger (Overseas Holdings) Ltd	GBP	81.36	72.79	Apr 11 to Mar 12	15.21	13.61	16.06	15.17	0.16	0.23	31.44	29.01	-	5.03	4.61	2.12	2.29	(0.65)	(0.81)	1.47	1.48	2.37	2.47	
Maxdhumi Developers Limited (India) Ltd	₹	1.00	1.00	Apr 11 to Mar 12	0.05	0.05	(0.20)	(0.17)	14.22	14.17	14.07	14.05	-	-	-	(0.03)	(0.09)	-	-	(0.03)	(0.09)	-	-	
Multitrac Infrastructure (India) Ltd	₹	1.00	1.00	Apr 11 to Mar 12	0.05	0.05	(0.04)	(0.03)	0.03	0.03	0.04	0.04	-	-	-	-	-	-	-	-	-	-	-	
Nirvana Investments Ltd	GBP	81.36	72.79	Apr 11 to Mar 12	-	-	1.54	(0.08)	-	0.85	1.54	0.57	-	-	-	1.63	-	-	-	1.63	-	-	-	
Samao Paints Ltd	WST \$	22.69	19.65	Apr 11 to Mar 12	0.20	0.18	3.20	2.98	0.78	0.48	4.19	3.64	-	4.91	4.29	0.92	0.88	(0.34)	(0.24)	0.58	0.64	0.82	0.53	
SCB Chemicals S.A.E.	EGP	8.45	7.64	Apr 11 to Mar 12	15.21	13.76	126.24	97.76	72.08	69.23	213.54	180.75	-	355.02	293.66	59.90	58.33	(14.88)	(11.75)	45.22	46.58	27.04	27.52	
Taubmans Paints Fij Ltd	Fiji \$	-	25.09	-	-	-	(0.02)	(0.02)	-	(0.02)	-	-	-	-	-	2.18	-	-	-	2.18	-	-	-	
Universal Paints Ltd	GBP	81.36	72.79	Apr 11 to Mar 12	3.49	3.12	50.16	40.22	-	-	53.65	43.34	-	-	-	5.21	6.34	-	-	5.21	6.34	0.01	0.01	

Note - Indian rupee equivalent of the figures given in foreign currency translated at the exchange rate as at 31.03.2012 for current period and 31.03.2011 for previous period

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

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**AGM NOTICE**

## Report on Corporate Governance

### Company's philosophy on Corporate Governance:

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of Corporate Governance. Your Company strongly believes that for attaining sustainable growth in this competitive corporate world, Corporate Governance is a pre-requisite. The governance practices followed by your Company have played a vital role in its journey of continued success. Our endeavour over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, profitable growth and creating long-term value for the stakeholders.

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. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

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

Your Company's policies and practices cover most of the elements of the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business issued by the Ministry of Corporate Affairs in July, 2011.

### Board of Directors:

#### Composition:

As on date, the Board of Directors of your Company comprises of fourteen (14) Directors of which six (6) are Non-Executive Directors, seven (7) are Non-Executive/Independent Directors and one is Managing Director & CEO of the Company. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The term of Mr. P. M. Murty as the Managing Director & CEO expired on 31<sup>st</sup> March, 2012 and consequently he ceased to be a Director on the Board of your Company. The Board of Directors at their meeting held on 29<sup>th</sup> March, 2012, appointed Mr. K. B. S. Anand as an Additional Director and Managing Director & CEO of your Company with effect from 1<sup>st</sup> April, 2012.

The details of the Directors being 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, 2012, ten (10) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed four (4) months. The dates on which the Board Meetings were held were as follows:

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

10 <sup>th</sup> May, 2011	7 <sup>th</sup> November, 2011
26 <sup>th</sup> July, 2011	21 <sup>st</sup> January, 2012
31 <sup>st</sup> August, 2011	17 <sup>th</sup> February, 2012
21 <sup>st</sup> September, 2011	20 <sup>th</sup> March, 2012
21 <sup>st</sup> October, 2011	29 <sup>th</sup> March, 2012

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 annual calendar of Board Meetings for approving the accounts for the ensuing year is decided well in advance by the Board and is published as part of the Annual Report.

All the Directors have informed your 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 detailed below. 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	10	Yes	-	-	-
Ashwin Dani	Non-Executive Vice Chairman/ Promoter	Husband of Ina Dani	10	Yes	7	3	2
Abhay Vakil	Non-Executive Director/ Promoter	Brother of Amar Vakil	9	Yes	3	1	1
P. M. Murty #	Managing Director & CEO	Not related to any of the Directors	10	Yes	NA	NA	NA
K. B. S. Anand @	Managing Director & CEO	Not related to any of the Directors	NA	NA	-	-	-
Mahendra Choksi	Non-Executive/ Promoter	Brother of Ashwin Choksi	10	Yes	2	-	-
Amar Vakil	Non-Executive/ Promoter	Brother of Abhay Vakil	8	No	2	-	-
Mrs. Ina Dani	Non-Executive/ Promoter	Wife of Ashwin Dani	10	Yes	3	-	-
Ms. Tarjani Vakil	Non-Executive/ Independent	***	8	Yes	5	4	2
Dipankar Basu	Non-Executive/ Independent	***	10	Yes	8	4	2
Deepak Satwalekar	Non-Executive/ Independent	***	8	Yes	5	4	3
R. A. Shah	Non-Executive/ Independent	***	9	No	13	9	4
S. Sivaram	Non-Executive/ Independent	***	7	Yes	2	1	-
Mahendra Shah	Non-Executive/ Independent	***	10	No	3	-	-
S. Ramadorai	Non-Executive/ Independent	***	3	No	14	9	4

## Notes:

- # The term of Mr. P. M. Murty as Managing Director & CEO of the Company expired on 31<sup>st</sup> March, 2012 and consequently he ceased to be a Director on the Board of your Company.
- @ Mr. K. B. S. Anand was appointed as an Additional Director and Managing Director & CEO of the Company with effect from 1<sup>st</sup> April, 2012.
- \* 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/ Investors Grievance Committee of Public Limited Companies have been considered.
- \*\*\* There is no relationship between any of the Independent Directors.

**Board Procedures:**

The Board Meetings are governed by structured Agenda. The Agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board. 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 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, cash flows 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 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 four (4) Committees of the Board, namely: Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee and Share Transfer 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 of whom possess financial and accounting expertise/ exposure.

The scope of activities and terms of reference of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

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, 2012 are as follows:

<b>Date(s) on which the meeting(s) were held</b>	
9 <sup>th</sup> May, 2011	20 <sup>th</sup> October, 2011
25 <sup>th</sup> July, 2011	20 <sup>th</sup> January, 2012
29 <sup>th</sup> August, 2011	26 <sup>th</sup> March, 2012

<b>Name</b>	<b>Meeting details</b>	
	<b>Held</b>	<b>Attended</b>
Tarjani Vakil (Chairperson)	6	5
Mahendra Shah	6	6
Dipankar Basu	6	5

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. Recommending to the Board of Directors, the appointment of Cost Auditor for the Company.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 217(2AA) of the Companies Act, 1956;
  - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
  - c. Compliance with listing and other legal requirements relating to financial statements;
  - d. Disclosure of any related party transactions; and
  - e. Qualifications in the draft audit report, if any.
5. Reviewing with management quarterly, half yearly, nine-months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors.
7. Discussion with the internal auditors on any significant findings and follow up thereon.
8. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.
11. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
12. Reviewing the appointment of the General Manager Audit and Risk of the Company.
13. Reviewing the Company's financial and risk management policies.
14. Reviewing with the Management and the Statutory Auditors anticipated changes in the Accounting Standards.
15. Reviewing the Management Discussion and Analysis of the financial condition and results of operations.
16. Reviewing the statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies; and
17. Any other matter referred to by the Board of Directors.

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

The Company has an internal audit team, headed by the General Manager - Internal Audit & Risk, 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. 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, 2012 are as follows:

Date(s) on which the meeting(s) were held	Meeting details	
	Held	Attended
5 <sup>th</sup> May, 2011		
26 <sup>th</sup> July, 2011		
23 <sup>rd</sup> March, 2012		
Name	Meeting details	
	Held	Attended
Dipankar Basu (Chairman)	3	3
Tarjani Vakil	3	3
Deepak Satwalekar	3	3

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

**Remuneration Policy:**

The Company’s remuneration policy is based on the fundamental rule of rewarding performances as against earmarked objectives. The policy aims at attracting and retaining high caliber talent and ensures equity, fairness and consistency in rewarding the employees.

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.

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

**Managing Director:**

Currently, Asian Paints’ Board consists of only one Executive Director namely Mr. K. B. S. Anand, Managing Director & CEO. Mr. K. B. S. Anand, a Mechanical Engineer with Post Graduation in Management from IIM Calcutta and a veteran with 33 years of experience with the Company, has been appointed as an Additional Director with effect from 1<sup>st</sup> April, 2012 and as Managing Director & CEO of the Company from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015 as approved by the Board of Directors at its meeting held on 29<sup>th</sup> March, 2012, subject to the approval of the shareholders at the ensuing Annual General Meeting. Mr. K. B. S. Anand has taken over the day to day affairs of the Company from 1<sup>st</sup> April, 2012 after Mr. P. M. Murty ceased to be the Managing Director & CEO of the Company on 31<sup>st</sup> March, 2012. The remuneration payable to him has been approved by the Remuneration Committee of the Board of Directors of the Company, comprising of Independent Directors, at its meeting held on 23<sup>rd</sup> March, 2012 and recommended to the Board. The remuneration payable to him is commensurate with the responsibility conferred upon him by the Board, the size of the Company and scope of its operations as well as taking into account external benchmarks. The remuneration structure comprises of salary, house rent allowance, superannuation, perquisites, commission, etc. No severance fee is payable to him on his termination of employment.

For the financial year 2011-12, the remuneration payable to Mr. P. M. Murty is reviewed by the Remuneration Committee. The remuneration payable to Mr. P. M. Murty is in accordance with the terms and conditions mentioned in the contract and as approved by the shareholders at the Annual General Meeting held on 26<sup>th</sup> June, 2009. The remuneration payable to

Mr. P. M. Murty is based on the performance of the Company, his contribution and industry standards. No severance fee has been paid on termination of employment.

#### Non-Executive Directors:

The Non-Executive Directors play a pivotal role in safeguarding the interests of the investors at large by playing an appropriate control role. Their contribution to the Board processes and valuable strategic insights from time to time; 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 bring in their invaluable experience and expertise which help deliberations at Asian Paints' Board.

The Non-Executive Directors are paid remuneration by way of commission and sitting fees. The Company pays sitting fees of ₹ 15,000 (Rupees Fifteen Thousand Only) 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 payable to Non-Executive Directors is distributed broadly on the basis of their attendance and contributions at the Board and the Committee meetings; and Chairmanship of Committees of the Board.

Details about Remuneration paid to the Directors in 2011-12 are as follows:

(Figures in ₹)

Name of the Director	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	-	-	7,35,000	1,50,000	20,00,000	28,85,000
Ashwin Dani	-	-	7,35,000	1,50,000	14,00,000	22,85,000
Abhay Vakil	-	-	7,50,000	1,65,000	14,00,000	23,15,000
P. M. Murty #	1,29,60,000	42,00,000	87,36,630	-	2,00,00,000	4,58,96,630
Mahendra Choksi	-	-	-	1,80,000	14,00,000	15,80,000
Amar Vakil	-	-	-	1,20,000	14,00,000	15,20,000
Ina Dani	-	-	-	1,80,000	14,00,000	15,80,000
Tarjani Vakil	-	-	-	3,15,000	18,00,000	21,15,000
Dipankar Basu	-	-	-	3,45,000	16,00,000	19,45,000
Deepak Satwalekar	-	-	-	2,40,000	16,00,000	18,40,000
R. A. Shah	-	-	-	1,35,000	14,00,000	15,35,000
S. Sivaram	-	-	-	1,05,000	14,00,000	15,05,000
Mahendra Shah	-	-	-	3,45,000	16,00,000	19,45,000
S. Ramadorai	-	-	-	45,000	4,20,000	4,65,000

#### 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.

# The term of Mr. P. M. Murty as the Managing Director & CEO of the Company expired on 31<sup>st</sup> March, 2012 and consequently he ceased to be a Director on the Board of your Company.

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

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

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, Director, had earned gross remuneration of ₹ 1,53,40,628 (Rupees One Crore Fifty Three Lacs Forty Thousand Six Hundred and Twenty Eight only) during the FY 2011-12.

Mr. Manish Choksi, Chief – Corporate Strategy and CIO, son of Mr. Mahendra Choksi, Director and nephew of Mr. Ashwin Choksi, Chairman, had drawn a gross remuneration of ₹ 1,68,81,516 (Rupees One Crore Sixty Eight Lacs Eighty One Thousand Five Hundred and Sixteen only) during the FY 2011-12.

Mr. Varun Vakil, Manager – Market Development, son of Mr. Amar Vakil, Director and nephew of Mr. Abhay Vakil, Director had drawn a gross remuneration of ₹ 14,06,329 (Rupees Fourteen Lacs Six Thousand Three Hundred and Twenty Nine only), during the FY 2011-12.

The appointment and the terms and conditions including remuneration of Mr. Jalaj Dani, Mr. Manish Choksi, 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 Marketing Executive and had drawn a gross remuneration of ₹ 7,20,207 (Rupees Seven Lacs Twenty Thousand Two Hundred and Seven only), during the FY 2011-12. 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 2<sup>nd</sup> May, 2011, issued Director's Relatives (Office or Place of Profit) 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, 2012 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	78,570	0.08
Ashwin Dani	Non-Executive/Promoter	2,09,207	0.22
Abhay Vakil	Non-Executive/Promoter	28,45,031	2.97
Mahendra Choksi	Non-Executive/Promoter	2,19,618	0.23
Amar Vakil	Non-Executive/Promoter	13,70,617	1.43
Ina Dani	Non-Executive/Promoter	51,592	0.05
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	0.00
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>47,76,444</b>	<b>4.98</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 held 2,877 equity shares of the Company as on 31<sup>st</sup> March, 2012.

Mr. K. B. S. Anand, Managing Director & CEO holds 27 equity shares of the Company.

**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 due to expiry of term of Mr. P. M. Murty as the Managing Director & CEO on 31<sup>st</sup> March, 2012, consequently as a member of the Committee. Mr. K. B. S. Anand has been inducted as a member of the Committee in place of Mr. P. M. Murty with effect from 1<sup>st</sup> April, 2012.

During the financial year 2011-12, the Committee met twice on 7<sup>th</sup> November, 2011 and 20<sup>th</sup> March, 2012.



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, 2012 are as follows:

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

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 and Company Secretary is the Compliance Officer for complying with the requirements of the Securities Law and 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, 2012 are given as follows:

Nature of Complaints	Received during the year
Non-receipt of Share Certificate(s) lodged for transfer	2
Non-receipt of Dividend warrants	2
Non-receipt of Share Certificate(s) lodged for with a request for splitting the share certificates/ for non-receipt of Bonus share certificates	6
Letters received from Stock Exchange(s)	2
Others/ Miscellaneous	3
<b>Total</b>	<b>15</b>

All the aforesaid complaints were responded to by the Company/ Registrar and Transfer Agent, Sharepro Services (India) Private Limited, appropriately and there were no pending complaints at the end of the financial year 2011-12.

All the queries and complaints received during the financial year ended 31<sup>st</sup> March, 2012, were duly addressed and no queries were pending for resolution on that date except where they were 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 2011-12, the members of the Share Transfer Committee were three (3) Non-Executive Directors, Mr. Abhay Vakil (Chairman), Mr. Ashwin Choksi, Mr. Ashwin Dani and the Chief Financial Officer and 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 received from the 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 eight (28) times during the FY 2011-12.

**AD HOC COMMITTEE:**

As mentioned in the Annual Report for the year 2010-11, the Board had 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 to recommend to the Board a successor to Mr. P. M. Murty, Managing Director & CEO whose tenure ended on 31<sup>st</sup> March, 2012.

The Committee met five (5) times during the FY 2011-12, and recommended the appointment of Mr. K. B. S. Anand as a successor to Mr. P. M. Murty to the Board. On serving the terms of reference, the Committee was disbanded with effect from 21<sup>st</sup> October, 2011. All the committee members were present at the meetings.

**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 2011-12 signed by Mr. K. B. S. Anand, Managing Director & CEO and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 8<sup>th</sup> May, 2012.

**General Body Meetings:**

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

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2010-2011	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020	24 <sup>th</sup> June, 2011	3.00 p.m.	Nil
2009-2010	Yashwantrao Chavan Pratishthan 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

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 Notes to the Financial Statements 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:**

Your 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:**

Your 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.

#### 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) Non-Executive Chairman's Office:**

The Chairman of your Company is a Non-Executive Director and hence, in compliance with this requirement.

**b) 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.

**c) Shareholder's Rights:**

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

**d) Audit Qualifications:**

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

**e) Training of Board Members:**

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

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

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

**g) Whistle Blower Policy:**

Your 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 and 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 organisation 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:

Your 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. General Manager Internal Audit & Risk is the convenor of the council meetings. The Risk Council meets on a periodical basis to review the risk management framework and discuss on risk mitigation plans. The Risk Council has laid down procedure for risk assessment and minimisation 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, 2012. The declaration to this effect signed by Mr. K. B. S. Anand, 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 17<sup>th</sup> November, 2011 adopted a New Code of Conduct for Prevention of Insider Trading in accordance with the Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2011. Mr. Jayesh Merchant, Chief Financial Officer and Company Secretary is the Compliance Officer. All the Directors, senior management personnel, persons forming part of promoter(s)/ promoter group(s) 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, persons forming part of promoter(s)/ promoter group(s), designated employees etc. are restricted in purchasing, selling and 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, persons forming part of promoter(s)/ promoter group(s) and other designated employees of the Company are restricted from entering into opposite transaction, i.e., buy or sell any number of shares during the next six months following the prior transaction and also are restricted from taking any position in derivative transactions in the shares of the Company at any time.

#### **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 Audited 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 and Circular No. 18/2011 dated 29<sup>th</sup> April, 2011, Ministry of Corporate Affairs (MCA) has launched "Green Initiative in Corporate Governance" whereby the companies are allowed to send notices, documents and other communication to the shareholders in electronic mode.

In view of the above circulars issued by MCA, like last year, this year too your Company is sending documents like the Notice convening the general meetings, Financial statements, Directors' Report, Auditors' Report, etc to the email address provided by you to your Depository Participant (DP)/ Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited.

Your Company encourages its shareholders to support the "Green Initiative" by registering their email addresses with their respective depositories/ Company's Registrar and Transfer Agent and intimate changes in the email address from time to time.

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#### **ASIAN PAINTS LIMITED**

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

#### **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)

OR

#### **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)

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## General Shareholder Information

### 66th Annual General Meeting of the Company:

Date	Monday, 25 <sup>th</sup> June, 2012
Venue	Yashwantrao Chavan Pratisthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.
Time	3.00 p.m.

### Financial calendar:

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

For the year ended 31<sup>st</sup> March, 2012, results were announced on:

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

For the year ending 31<sup>st</sup> March, 2013, results will be announced as per the tentative schedule below:

On or around 26 <sup>th</sup> July, 2012	First Quarter
On or around 22 <sup>nd</sup> October, 2012	Second Quarter and Half Yearly
On or around 21 <sup>st</sup> January, 2013	Third Quarter and Nine Months
On or around 10 <sup>th</sup> May, 2013	Fourth Quarter and Annual

### Book Closure:

The dates of book closure are from 9<sup>th</sup> June, 2012 to 25<sup>th</sup> June, 2012, inclusive of both days.

### Dividend:

An interim dividend of ₹ 9.50 (Rupees Nine and Paise Fifty only) per equity share of ₹ 10 each was declared on 21<sup>st</sup> October, 2011 and paid on 1<sup>st</sup> November, 2011. A final dividend of ₹ 30.50 (Rupees Thirty and Paise Fifty only) per share has been recommended by the Board of Directors at its meetings held on 8<sup>th</sup> May, 2012 and subject to the approval from the shareholders at the ensuing Annual General Meeting, will be paid/ dispatched on or after 26<sup>th</sup> June, 2012 as follows:

- 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 8<sup>th</sup> June, 2012.
- 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 8<sup>th</sup> June, 2012.

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)
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	320	32	306.9
2011-2012 (Interim)	95	9.5	91.1

### Listing:

The Company's shares are listed on:

- BSE 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 2012-13 to the Stock Exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2012-13 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

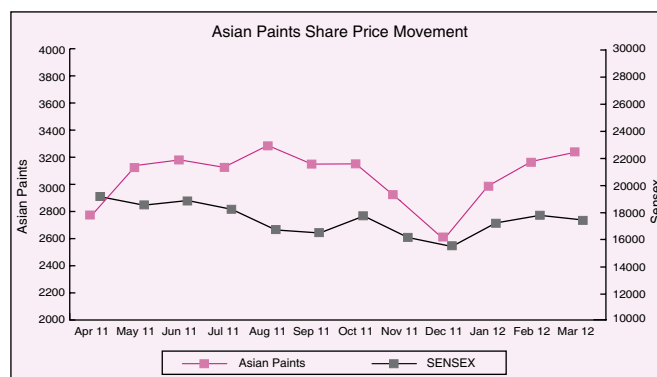
**Stock Price Data:**

The monthly high and low prices and volumes of your Company's shares at BSE and NSE for the year ended 31<sup>st</sup> March, 2012 are given as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
<b>2011</b>						
April	2,780.00	2,462.05	1,82,295	2,780.00	2,511.00	12,39,787
May	3,203.00	2,643.00	3,70,158	3,387.00	2,637.10	50,74,190
June	3,230.00	2,908.05	3,65,437	3,230.00	2,901.00	19,60,364
July	3,365.95	3,067.05	1,48,391	3,368.80	3,060.00	16,94,115
August	3,338.15	3,000.65	3,19,337	3,333.00	2,988.00	13,76,909
September	3,329.95	3,001.40	87,752	3,327.90	3,001.30	11,69,905
October	3,204.00	2,998.00	94,079	3,215.00	2,626.85	10,73,420
November	3,260.00	2,825.00	92,516	3,270.00	2,826.25	11,45,019
December	2,965.00	2,551.05	2,16,503	2,980.00	2,550.00	15,04,116
<b>2012</b>						
January	3,038.00	2,555.90	1,21,465	3,040.00	2,560.00	19,24,792
February	3,195.00	2,898.00	1,42,714	3,200.00	2,900.00	21,02,048
March	3,332.50	3,004.00	1,87,736	3,340.00	3,001.00	21,32,214

Note: High and low are in ₹ per traded share. Volume is the total monthly volume of trade in Asian Paints shares on BSE and 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 2011-12 (based on month end closing).



The performance of your Company's share price during the financial year 2011-12 is as follows:

Name of the Stock Exchange	BSE	NSE
Price as on 1 <sup>st</sup> April, 2011 (₹)	2,518.40	2,520.55
Price as on 30 <sup>th</sup> March, 2012 (₹)	3,237.75	3,242.00
Change in value (₹)	719.35	721.45
% Change	28.56	28.62



**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 Shareholders' holdings:**

The distribution pattern of shareholding of your Company as on 31<sup>st</sup> March, 2012 is as follows:

Category of shareholder	No. of shares	%
(A) Shareholding of Promoter and Promoter Group		
(a) Individuals/Hindu Undivided Family	10635701	11.09
(b) Bodies Corporate	40000978	41.70
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>50636679</b>	<b>52.79</b>
(B) Public shareholding		
(1) Institutions		
(a) Mutual Funds / UTI	1612603	1.68
(b) Financial Institutions/Banks	5889	0.01
(c) Insurance Companies	6861288	7.15
(d) Foreign Institutional Investors	17143330	17.87
Sub-Total(B) (1)	25623110	26.71
(2) Non-Institutions		
(a) Bodies Corporate	5424151	5.66
(b) Individuals		
I) Individual shareholders holding nominal share Capital up to ₹ 1 lakh	11863378	12.37
II) Individual shareholders holding nominal share capital in excess of ₹1 lakh	865091	0.90
(c) Individual (Non-Resident individuals)	1507370	1.57
Sub-Total(B) (2)	19659990	20.50
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>45283100</b>	<b>47.21</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, 2012 is as follows:

	Shareholders		Shareholding	
	Number	%	Number	%
UPTO - 500	53297	88.04	4528678	4.72
501 - 1000	4459	7.37	3529915	3.68
1001 - 2000	1342	2.22	1985191	2.07
2001 - 3000	427	0.70	1077138	1.12
3001 - 4000	205	0.34	723684	0.76
4001 - 5000	165	0.27	749109	0.78
5001 - 10000	232	0.38	1686754	1.76
10001 & ABOVE	410	0.68	81639310	85.11
<b>Total</b>	<b>60537</b>	<b>100.00</b>	<b>95919779</b>	<b>100.00</b>

Details about Company's dematerialised shares as on 31<sup>st</sup> March, 2012:

Number of shares	% of total shares	Number of shareholders	% of total shareholders
9,32,89,663	97.26	49,126	81.15

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, 2012 is as follows:

	No. of Shares	% of shares
Physical Segment	2630116	2.74
Demat Segment		
NSDL	91803373	95.71
CDSL	1486290	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, 2012.

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

Reconciliation of Share Capital Audit:

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital 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.

National Electronic Clearing System (NECS) for dividend:

The remittance of dividend through Electronic Clearing System has been moved to National Electronic Clearing System (NECS) platform through core banking system effective 1<sup>st</sup> October, 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 NECS facility and are holding shares in physical form may send in their NECS Mandate Form, duly filled in to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021. The NECS 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.

#### Unclaimed dividend/ shares:

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

In accordance with Clause 5A (II) of the Listing Agreement, the Company has identified 1,923 folios comprising of 51,935 shares of face value of ₹ 10 each, which are unclaimed as on 31<sup>st</sup> March, 2012. The Company is in the process of sending reminders to the concerned shareholders in accordance with the said clause.

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

Financial Year	Type	Proportion to capital (₹ in crores)	Unclaimed Dividend as on 31.03.2012		Due Date for transfer to IEPF
			₹	%	
2004-2005	Final	52.8	1,475,807.50	0.28	26.07.2012
2005-2006	Interim	43.2	1,317,830.00	0.31	25.11.2012
	Final	76.7	2,012,538.00	0.26	25.07.2013
2006-2007	1st Interim	52.8	1,494,047.00	0.28	29.11.2013
	2nd Interim	62.3	1,749,840.50	0.28	12.04.2014
	Final	95.9	393,598.00	0.04	25.07.2014
2007-2008	Interim	62.3	1,959,530.00	0.31	18.11.2014
	Final	100.7	3,348,933.50	0.33	23.07.2015
2008-2009	Interim	62.3	2,612,183.56	0.42	23.11.2015
	Final	105.5	4,372,973.00	0.41	25.07.2016
2009-2010	Interim	81.5	3,700,670.00	0.45	21.11.2016
	Final	177.5	6,517,793.00	0.37	15.08.2017
2010- 2011	Interim	81.5	3,307,793.45	0.41	26.11.2017
	Final	225.4	9,284,474.00	0.41	23.07.2018
2011-2012	Interim	91.1	3,905,829.00	0.43	20.11.2018

#### 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 lodgement 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 and Transfer Agent of the Company.

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

### Sharepro Services (India) Pvt. Ltd.

#### Unit: Asian Paints Limited

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

Tel. No.: 67720300/ 67720400 • 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

Tel. No.: 022-39818000 • Fax No.: 022-39818888

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

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 Nos. 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.

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

Site of the proposed 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, 2012

### 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, 2012.

**K. B. S. Anand**  
Managing Director & CEO

Mumbai,  
8<sup>th</sup> May, 2012

### 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, 2012 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

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

**Ashish Shah**  
Partner  
Membership No. 103750

**Natraj Ramakrishna**  
Partner  
Membership No. 32815

Mumbai,  
8<sup>th</sup> May, 2012

## Notice

**Notice** is hereby given that the **SIXTY-SIXTH ANNUAL GENERAL MEETING** of **ASIAN PAINTS LIMITED** will be held at Yashwantrao Chavan Pratisthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Monday, 25<sup>th</sup> June, 2012 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, 2012 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 ₹ 9.50 per equity share, declared and paid during the financial year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Shri Ashwin Choksi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashwin Dani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Abhay Vakil, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr. S. Sivaram, who retires by rotation and, being eligible, offers himself for re-appointment.
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(s), the following resolution as an **Ordinary Resolution:**  
**“RESOLVED THAT** Shri K. B. S. Anand who was appointed as an Additional Director with effect from 1<sup>st</sup> April, 2012 by the Board of Directors of the Company on 29<sup>th</sup> March, 2012, 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 with effect from 1<sup>st</sup> April, 2012.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 317 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the Act”) including any statutory modifications or any amendment or any substitution or reenactment thereof for the time being in force, approval of the Company be and is hereby accorded to the appointment of Shri K. B. S. Anand as the Managing Director & CEO of the Company, with effect from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015.

**RESOLVED FURTHER THAT** approval be and is hereby accorded to the remuneration, perquisites, benefits and amenities payable as per the terms and conditions of the Agreement entered into by Shri K. B. S. Anand with the Company for the aforesaid appointment and as set out in this notice; with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Shri K. B. S. Anand remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in Section II of Part II Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors, subject to necessary sanctions and approvals.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Shri K. B. S. Anand in the light of further progress of the Company which revision should be made in conformity with any amendments to the relevant provisions of the Act and/or rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

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



## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the company at its registered office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the Limited Companies, Societies, etc., must be supported by an appropriate resolution/authority, as applicable.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 11.00 a.m to 1.00 p.m, on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 9<sup>th</sup> June, 2012 to 25<sup>th</sup> June, 2012 (both days inclusive).
5. Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid on or after 26<sup>th</sup> June, 2012 to those members whose names appear on the Register of Members as on 9<sup>th</sup> June, 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 9<sup>th</sup> June, 2012, as per the details furnished by the National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
6. The Company is presently using National – ECS (NECS) for dividend remittance. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Sharepro Services (India) Pvt. Ltd., Unit: Asian Paints Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021 or Sharepro Services (India) Pvt. Ltd., 13AB Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 at the earliest but not later than 8<sup>th</sup> June, 2012.
  - 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 and 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 required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, in the year 2012-2013, the Company would be transferring the unclaimed or unpaid Final Dividend for the year ended 31<sup>st</sup> March, 2005 and Interim Dividend for the financial year ended 31<sup>st</sup> March, 2006, to the Investor Education and Protection Fund on or before 26<sup>th</sup> July, 2012 and 25<sup>th</sup> November, 2012, respectively. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.
12. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
13. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
14. Information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Director being appointed and Directors retiring by rotation and being eligible seeking re-appointment is as under:

<b>Name of the Director</b>	: Shri Ashwin Choksi
<b>Profile</b>	: Shri Ashwin Choksi obtained his Masters degree in Commerce from Sydenham College, Mumbai. He joined Asian Paints in 1965 and was initially inducted into the materials function of the Company. He rose to the position of the Managing Director in 1984 and went on to become the Executive Chairman in the year 1997.  Presently he holds the position of Non-Executive Chairman in the Company.
<b>Date of joining the Board</b>	: 18 <sup>th</sup> October, 1970
<b>Directorships and Committee Memberships in other Companies</b>	: NIL
<b>No. of shares held in the Company</b>	: 78,570
<b>Name of the Director</b>	: Shri Ashwin Dani
<b>Profile</b>	: Shri Ashwin Dani started his career in 1967, as a Development Chemist with Inmont Corp, (now known as BASF) Detroit, USA, a major supplier of automotive OEM and refinishes. He joined Asian Paints in 1968 as Senior Executive and moved through successive senior positions like Director – R & D, Works Director, Whole-time Director and Vice Chairman. He served as Vice Chairman and Managing Director of the Company from December, 1998 to March, 2009. Shri Ashwin Dani is the past President of the Indian Paint Association (IPA) and has received a number of awards for his contributions to the Paint Industry. He was a member of the Central Board of Trustees – Employees Provident Fund of the Govt. of India and was also the President of the Board of Governors of the UDCT Alumni Association, Mumbai. Currently, he is a member of the Board of Management of Institute of Chemical Technology (formerly UDCT). He completed his B.Sc. (Hons) from the Institute of Science University of Bombay and B.Sc. (Tech) (Pigments and Varnishes) from U.D.C.T. University of Bombay. He holds Masters Degree in Polymer Science from University of Akron, Akron, Ohio, USA and Diploma in Colour Science from Rensselaer Polytechnic, Troy, New York.
<b>Date of joining the Board</b>	: 18 <sup>th</sup> October, 1970
<b>Directorships and Committee Memberships in other Companies</b>	: <ul style="list-style-type: none"> <li>• Asian PPG Industries Limited</li> <li>• Gujarat Organics Limited</li> <li>• Hitech Plast Limited</li> <li>• Resins &amp; Plastics Limited</li> <li>• Sun Pharmaceuticals Industries Limited</li> <li>• Rangudyan Insurance Broking Services Limited</li> <li>• ACC Limited</li> </ul>
<b>No. of shares held in the Company:</b>	: 2,09,207
<b>Name of the Director</b>	: Shri Abhay Vakil
<b>Profile</b>	: Shri Abhay Arvind Vakil has been associated with the Company since 1974. Prior to becoming Managing Director in 1998, he was holding the post of Wholetime Director in the Company. Shri Abhay Vakil was overseeing the Decoratives India SBU of the Company. He was in sole charge of the supply chain/sales and marketing activities of the Decoratives Business Unit of the Company that included procurement of raw materials, metal containers and other packaging goods as well as branding and pricing strategies. His role also included the containment of costs, maintenance of quality and ensuring achievement of the targeted sales and profits. He ceased to be the Managing Director of the Company on 31 <sup>st</sup> March, 2009 and with effect from 1 <sup>st</sup> April, 2009 he holds the position of Non-Executive Director on the Board of Asian Paints Limited. Shri. Abhay Vakil is a Science Graduate from Mumbai University and BS from Syracuse University USA.
<b>Date of joining the Board</b>	: 1 <sup>st</sup> March, 1983

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**Directorships and Committee Memberships in other Companies** : • Asian Paints Industrial Coatings Limited  
Chairman – Audit Committee  
• Vikatmev Containers Limited  
• Resins & Plastics Limited

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**No. of shares held in the Company** : 28,45,031

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**Name of the Director** : Dr. S. Sivaram

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**Profile** : Dr. S. Sivaram holds M.Sc. from Indian Institute of Technology, Kanpur, Ph.D Purdue University, W. Lafayette, USA and Research Associate from The Institute of Polymer Science - Akron, USA. He is a scientist of repute – his research interest being “Polymer Synthesis”. Dr. Sivaram has over 30 years of experience in research on polymer synthesis, high performance polymers and surface chemistry of polymers. In a career spanning achievements in the field of “Polymer Synthesis”, he has been felicitated in recognition of his valuable contribution, with several awards and honours. He was bestowed with “Padma Shri” award by the President of India in January, 2006 for his outstanding contribution in the field of science and technology. He serves on the Editorial Board of several National and International journals in chemistry and polymer science. He is the Hon. Secretary of Society of Polymer Science, India.

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**Date of joining the Board** : 7<sup>th</sup> April, 2001

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**Directorships and Committee Memberships in other Companies** : • Apcotex Industries Limited  
• GMM Pfaudler Limited  
Member – Audit Committee

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**No. of shares held in the Company** : NIL

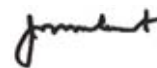
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\* Directorships and Committee membership in Asian Paints Limited and its Committees is not included in the aforesaid disclosure. Also, Directorships in Private Limited Companies, Foreign Companies and Section 25 Companies and their Committee memberships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

The Board of Directors recommends the re-appointment of Shri Ashwin Choksi, Shri Ashwin Dani, Shri Abhay Vakil and Dr. S Sivaram. Except, Shri Ashwin Choksi and Shri Mahendra Choksi, none of the Directors of the Company may be deemed to be concerned or interested in Shri Ashwin Choksi's re-appointment as Director of the Company. Except, Shri Ashwin Dani and Mrs. Ina Dani, none of the Directors of the Company may be deemed to be concerned or interested in Shri Ashwin Dani's re-appointment as Director of the Company. Except, Shri Abhay Vakil and Shri Amar Vakil, no other Director of the Company is concerned or interested in Shri Abhay Vakil's re-appointment as a Director of the Company. Except, Dr. Sivaram, none of the Directors of the Company

may be deemed to be concerned or interested in his re-appointment as Director of the Company.

**For Asian Paints Limited**



**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

**Registered Office:**

6A, Shantitnagar,  
Santacruz (East),  
Mumbai - 400 055  
8<sup>th</sup> May, 2012

## Annexure to Notice

### EXPLANATORY STATEMENT

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

#### Item Nos. 8 and 9:

The Board of Directors at its meeting held on 29<sup>th</sup> March, 2012, appointed Shri K. B. S. Anand as an Additional Director with effect from 1<sup>st</sup> April, 2012, pursuant to Section 260 of the Companies Act, 1956 and pursuant to Article 118 of the Articles of Association of the Company. Shri K. B. S. Anand holds office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956, from members proposing the appointment of Shri K. B. S. Anand as a Director, along with the required deposit amount.

Shri K. B. S. Anand is a Mechanical Engineer with Post Graduation in Management (IIM Calcutta). He joined the Company in the year 1979 and has held various positions in Decorative Sales/ Industrial Sales/ Chemical Sales Function of the Company. For eight years, he was in the manufacturing function looking after Kasna and Patancheru Plants of the Company. From 1998 to 2008, he served as Vice President – Sales and Marketing for the Decorative Business Unit of the Company. He is a director on the Board of SCIB Chemical, S. A. E., Egypt, an indirect subsidiary of the Company. Prior to his appointment as Managing Director & CEO he held the position of President – Decorative Business Unit since 2008.

The Board of Directors of the Company at its meeting held on 21<sup>st</sup> October, 2011, on recommendation made by the Adhoc Committee had decided that Shri K. B. S. Anand, President – Decorative Business Unit would takeover as the Managing Director & CEO with effect from 1<sup>st</sup> April, 2012 from Shri P. M. Murty whose term was due for expiry on 31<sup>st</sup> March, 2012 as per his contract of employment. Thus, the Board of Directors at its meeting held on 29<sup>th</sup> March, 2012 appointed Shri K. B. S. Anand as an Additional Director with effect from 1<sup>st</sup> April, 2012 and as the Managing Director & CEO with effect from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015, not liable to retire by rotation. The Board also approved the terms and conditions of his appointment including remuneration, as recommended by the Remuneration Committee, in accordance with Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The terms and conditions as to the appointment of Shri K. B. S. Anand are briefly mentioned as under:

1. The appointment of Shri K. B. S. Anand as the Managing Director shall be subject to the supervision and control of the Board of Directors of the Company. The Managing Director shall manage business and affairs of the Company and exercise such powers as are vested in the Managing Director by the Board of Directors subject to any limitation or conditions which may be prescribed by the Act or the provisions of Memorandum and/ or Articles of Association of the Company or the Board of Directors or by the Company in General Meeting.
2. The Managing Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavour to promote its interest and welfare, excluding cases where he is appointed or nominated as a Director on the Board of any of the Company's subsidiaries, Joint Ventures and other associate Companies.
3. The Managing Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his tenure as the Managing Director or at any time thereafter.
4. The Managing Director after ceasing to be a Managing Director shall not either on his behalf or on behalf of any other person solicit business in competition with the Company from any clients of the Company.
5. Subject to the provisions of the Companies Act, 1956, the Managing Director, while he continues to hold office of the Managing Director, shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Directors to retire, but shall ipso facto and immediately cease to be the Managing Director, if he ceases to hold office of a Director due to any cause.
6. Notwithstanding the fact the Managing Director was appointed as a Director, forthwith upon termination of this employment agreement for any reasons whatsoever, he shall be deemed to have vacated his office as a Director in accordance with the provisions of Section 283 (1)(l) of the Companies Act, 1956.
7. The Agreement may be terminated by the Managing Director or the Company by giving, not less than six calendar months notice in writing. The Company shall

be entitled to terminate the employment agreement forthwith at any time by paying him six months' basic salary in lieu of such notice.

Details of Remuneration, Perquisites and other Benefits payable to Shri K. B. S. Anand are as follows:

### Remuneration

#### A. Salary:

For the period from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2015: ₹ 10,00,000 (Rupees Ten lacs only) per month with increment not exceeding 20% per annum at the discretion of the Board of Directors of the Company.

#### B. Commission:

The Managing Director shall be paid commission with effect from 1<sup>st</sup> April, 2012, at the maximum of 0.75% for each financial year on the net profit of the Company as calculated under Section 349 of the Companies Act, 1956 and such other applicable provisions, if any, of the Act, as may be determined by the Board of Directors from time to time.

### Perquisites:

A. The Managing Director will be provided furnished accommodation and in case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance of ₹ 2,80,000 (Rupees Two lacs eighty thousand only) per month.

B. **Provident Fund:** 12% of the basic salary.

C. **Superannuation:** 15% of the basic salary.

The contribution stated at (B) and (C) is subject to any changes effected in the schemes / rules of the respective funds.

D. **Car:** Provision of Company cars for official and for personal purpose of the Managing Director.

E. **Telephone:** Provision of 2 (two) telephones at the residence of the Managing Director and internet broadband and reimbursement of mobile telephone expenses. Personal international calls shall be billed by the Company to the Managing Director.

F. **Other Perquisites:** The perquisites other than A, B, C, D and E above shall be within an overall limit of 55% of annual basic salary per annum of the Managing Director. Such perquisites will include leave travel assistance, utilities expenses, reimbursement of personal driver's salary, payment of club fees

(maximum of 2 clubs) excluding entrance fees, etc.; but exclusive of reimbursement of medical expenses, reimbursement of telephone, internet and petrol expenses. The perquisites shall be valued as per the Income Tax Act, 1961.

### Benefits and Amenities:

A. **Gratuity:** Benefits in accordance with the rules and regulations in force in the Company from time to time.

B. **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of three months. Leave encashment for a maximum of three months accumulated leave to be permitted at the end of the term, payable in accordance with the rules and regulations in force in the Company from time to time.

C. **Loan and other Schemes:** Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

D. **Other benefits and amenities:** Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

E. **Reimbursement of costs, charges and expenses:** The Company shall pay or reimburse to the Managing Director and he shall be entitled to be paid and/ or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

The remuneration, perquisites, benefits and amenities as aforesaid to be allowed to the Managing Director shall be subject to such limits, if any, as laid down by the Companies Act, 1956.

Notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director, remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule XIII (as amended) of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company and subject to such sanctions and approvals as may be necessary.

The scope and quantum of remuneration, perquisites, benefits and amenities specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any

amendments to the relevant provisions of the Companies Act, 1956, and/ or the rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

The copy of the agreement for appointment of Shri K. B. S. Anand, detailing terms and conditions of his appointment is available for inspection by the members at the Registered Office of the Company during working hours between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

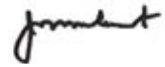
The terms of appointment and payment of remuneration to Shri K. B. S. Anand, as stated here have already been circulated as an abstract under Section 302 of the Companies Act, 1956 to the members of the Company.

The Board of Directors are of the opinion that the appointment of Shri K. B. S. Anand as the Managing Director & CEO is in the best interest of the Company and

accordingly, recommend the resolution set out in Items No. 8 and 9 for approval of the members.

Except Shri K. B. S. Anand, none of the Directors of the Company are concerned or interested in the Ordinary Resolutions set out at Item Nos. 8 and 9 of this Notice, except as a member, if any, of the Company.

**For Asian Paints Limited**



**Jayesh Merchant**

Chief Financial Officer &  
Company Secretary

**Registered Office:**

6A, Shantitnagar,  
Santacruz (East),  
Mumbai - 400 055  
8<sup>th</sup> May, 2012





Asian Paints Limited

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

**ATTENDANCE SLIP**

DP ID \_\_\_\_\_

(To be presented at the entrance)

Folio No./Client ID \_\_\_\_\_

I/We hereby record my/our presence at the **66<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Monday, the 25<sup>th</sup> of June, 2012 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

**66<sup>th</sup> Annual General Meeting** of the Company to be held on 25<sup>th</sup> June, 2012 at 3.00 p.m. and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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 Chief Minister of Haryana, Shri Bhupinder Singh Hooda unveiling the foundation stone on capacity expansion at Rohtak plant





**asianpaints**

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