

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance today has emerged as an integral element in the business environment. It is not only a pre-requisite for attaining sustainable growth in emerging global market scenario but it is also an embodiment of the parameters of fairness, accountability, disclosures and transparency to maximise value for the stakeholders of a Company.

The governance practices followed by your Company have played an instrumental role in its pathway to success. All the procedures, policies and practices followed by the Company emulate sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, attuning to international standards and commitment in compliance with regulations and statutes in letter as well as in spirit have enabled your Company to enhance the shareholder value.

Your Company believes that e-governance is another milestone to good governance. Your Company has taken proactive action to follow the e-governance initiative launched by Ministry of Company Affairs (MCA) with an objective to provide prompt and efficient services to stakeholders by MCA, thereby eliminating the physical interface of the Company and the shareholders with the Registrar of Companies (ROC).

Your Company has complied with all the regulations stipulated by Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussion and Analysis and Additional

Shareholders' Information, constitutes Asian Paints' compliance with Clause 49 of the Listing Agreement.

### BOARD OF DIRECTORS:

#### Composition:

The Board of Directors of your Company comprise of an optimal proportion of Executive and Non-Executive Directors. The directorate of your Company consists of 3 (three) Executive Directors and 9 (nine) Non- Executive Directors, out of which 6 (six) are Independent Directors. All the Directors, except the Executive Directors, are liable to retire by rotation and one third of the Directors who are liable to retire by rotation, are eligible for re-election.

#### Number of Board Meetings:

Your Company's Board of Directors met 8 times during the financial year ended 31st March, 2007 on the following days:

Date(s) on which the meeting(s) were held:	
29th April, 2006	29th January, 2007
10th May, 2006	8th February, 2007
28th July, 2006	13th March, 2007
30th October, 2006	29th March, 2007

The time gap between any two Board Meetings does not exceed four months in accordance with the Clause 49 of the Listing Agreement. The calendar of Board Meetings to be held in the succeeding year is determined in advance to review and declare the quarterly and the annual results of the Company. However, additional meetings are held as and when necessitated.

### Composition, nature of Directorship, the number of meetings attended and the Directorships in other companies of the Board of Directors as on 31st March, 2007:

Name of the Director	Nature of Directorship	Date of joining the Board	Attendance		Directorship in other Companies (*)	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Ashwin Choksi DIN 00009095	Executive Chairman/Promoter	18.12.2003 (***)	8	Yes	2	2	1
Ashwin Dani DIN 00009126	Executive Vice-Chairman & Managing Director/Promoter	18.12.2003 (***)	8	Yes	6	5	2
Abhay Vakil DIN 00009151	Managing Director/Promoter	18.12.2003 (***)	6	Yes	3	2	-
Mahendra Choksi DIN 00009367	Non-executive/Promoter	27.11.1992	8	Yes	4	2	-
Amar Vakil DIN 00009252	Non-executive/Promoter	01.10.1995	4	No	3	-	-
Hasit Dani DIN 00009577	Non-executive/Promoter	23.07.2001	8	Yes	4	-	-
Tarjani Vakil DIN 00009603	Non-executive/Independent	01.12.1998	7	Yes	6	5	3
Dipankar Basu DIN 00009653	Non-executive/Independent	15.04.2000	8	Yes	9	5	2
Deepak Satwalekar DIN 00009627	Non-executive/Independent	30.05.2000	8	No	6	3	2
R.A. Shah DIN 00009851	Non-executive/Independent	07.04.2001	7	Yes	13	8	5
S. Sivaram DIN 00009900	Non-executive/Independent	07.04.2001	3	No	3	1	-
Mahendra Shah DIN 00009786	Non-executive/Independent	06.06.2001	7	Yes	4	-	-

#### Notes:

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

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

\*\*\* The Executive Directors are appointed under a service contract which is renewable after five years of appointment, as governed by the agreement(s) entered into with Company.

**Board Procedures:**

The effectiveness of the decision-making of the Board is buttressed by its structure and procedures. The Board of your Company meets at regular intervals, with sufficient notice of the issues and the Agenda to be discussed and backed by necessary information and material to enable the Directors to discharge their fiduciary responsibilities in an efficient manner. All the deliberations and the decisions occurring at every meeting of the Board of Directors are appropriately recorded and minuted. The draft minutes of each meeting is circulated to the members of the Board for their approval and then finalised.

The Board has complete and unrestricted access to any information required by them to transact business and take decisions. Also, as a good governance practice, all the information and data, relevant for the Board to understand the business of the Company in general as well as the agenda items circulated to the Board, are comprehensive in nature. Following information *inter-alia* is supplied to the Board on a periodical basis:

- Annual budgets, operating plans and budgets, capital budgets,
- Quarterly, half yearly and annual results of the Company and its operating divisions or business segments along with the consolidated results of the group,
- Minutes of meetings of the audit committee and other committee(s) of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant defaults in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions,
- Significant initiatives and developments on the human resource and industrial relations fronts,
- Sale of a material nature of investments, subsidiaries and assets, which are not in the normal course of business,
- Investment of funds of the Company,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,
- Status on legal cases,
- Non compliance of any statutory nature of listing requirements,
- Proposals for investments, divestments, loans, guarantees, mergers and acquisitions,
- Approval of related party transactions,
- General notices of interest of Directors,
- Review of compliance reports of all laws applicable to the Company,
- Review of the minutes of the meetings of the Board of Directors of unlisted subsidiary companies.
- Review of the 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 and all other statutory information which is required by Clause 49 of the Listing Agreement.

**COMMITTEES OF THE BOARD:**

The Board of Directors of your Company has constituted four committees: Audit Committee, Remuneration Committee, Shareholders/Investors Grievance Committee and Share Transfer Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee are placed before the Board for their discussions and noting. The details as to the composition, terms of reference, number of meetings and related attendance, etc of these Committees are provided below:

**AUDIT COMMITTEE:**

Audit Committees have become a mechanism for providing an independent overview of the Company's strategy, financial reporting, risk areas and control systems. Audit Committees are a part of the process that enhances the financial reputation of a company.

The Board of your Company has constituted a very qualified and independent Audit Committee which promotes relationship of accountability between the Board, Management and Statutory Auditors. The prime objective of the Audit Committee *inter-alia* is to liaise with the management; internal and statutory auditors, reviewing the adequacy of internal controls and compliance with significant policies and procedures and reporting key issues to the Board.

The Audit Committee of your Company comprises of 3 (Three) Independent Directors. The members of the Audit Committee as on 31st March, 2007 are Ms. Tarjani Vakil (Chairperson), Mr. Dipankar Basu and Mr. Mahendra Shah, all of whom are financially literate in terms of Clause 49 of the Listing Agreement.

Date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2007:

<b>Date(s) on which the meeting(s) were held during the financial year 2006-2007</b>	
29th April, 2006	27th October, 2006
9th May, 2006	16th December, 2006
27th July, 2006	25th January, 2007
26th September, 2006	

**Attendance details of the members during the financial year 2006-2007:**

Name	Meeting details			Whether attended last AGM (Y/N)
	Held during the year	Attended	% of total	
Tarjani Vakil (Chairperson)	7	6	85.7%	Y
Mahendra Shah	7	7	100%	Y
Dipankar Basu	7	6	85.7%	Y

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

- Overseeing the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 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.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - 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;
  - 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;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report, if any.
- Reviewing with management quarterly and half-yearly financial statements before submission to the Board for approval.
- Reviewing with the management performance of statutory and internal auditors.
- Reviewing adequacy of internal audit systems and the internal audit department including the structure, staffing, reporting structure and frequency of internal audit.
- Discussion with the internal auditors on any significant findings and follow up thereon.
- Reviewing the Company’s financial and risk management policies.
- 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.
- 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.
- Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.
- Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors, if any.
- Reviewing of the Cost Accounting records of the Company’s products.

- Reviewing the appointment and terms of remuneration of the Chief Internal Auditor of the Company

The Audit Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations, statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies and any other matter which may be a part of its terms of reference or referred by the Board of Directors. The Audit Committee advises and also recommends to the management the pivotal and new areas which require greater amount of diligence by the Internal Audit Department of your Company.

The Committee invites the Executive Chairman of your Company, Chief Financial Officer & Company Secretary, Financial Controller, Chief Manager – Corporate Accounts, Statutory Auditor(s) and Chief Internal Auditor to attend Audit Committee Meeting(s). The Chief Financial Officer & Company Secretary acts as Secretary to the Committee.

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

**REMUNERATION COMMITTEE**

**Composition and terms of reference:**

The Board has constituted a Remuneration Committee which determines and recommends to the Board, the remuneration payable to the Executive Directors of the Company.

Details as to the composition of the Remuneration Committee, date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2007:

Date(s) on which the meeting(s) were held during the financial year 2006-2007:
29th April, 2006
27th July, 2006

**Attendance details of the members during the financial year 2006-2007:**

Composition of the Remuneration Committee	Meeting details			Whether attended last AGM (Y/N)
	Held during the year	Attended	% of total	
Dipankar Basu (Chairman)	2	2	100%	Y
Tarjani Vakil	2	2	100%	Y
Deepak Satwalekar	2	2	100%	N

The terms of reference of the Remuneration Committee are as follows:

- To review and recommend to the Board, the salaries, commission, other benefits, service agreements and employment conditions of Executive Directors.
- 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.

**Remuneration Policy:**

The remuneration policy of the Company is purely performance driven which is assessed on a periodical basis as against the benchmarked achievements. The Company endeavors to attract, retain, develop and motivate a high performance workforce.

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

The transactions with related parties are furnished under Schedule 'M' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18). There are no transactions of material nature with the Promoter Directors or their relatives etc., which may have a potential conflict with the interest of the Company. Disclosures have also been received during the year from the Directors and the Senior Managerial Personnel relating to the financial transactions in which they or their relatives may have a personal interest. However, none of these transactions have a potential conflict with the interest of the Company. The Register of Contracts required to be maintained under Section 301 of the Companies Act, 1956, containing the contracts in which the Directors are concerned and interested is placed at the meeting of Board of Directors of the Company for their approval and noting, on a periodical basis.

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

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

#### Executive Directors:

The remuneration payable to the three Executive Directors of the Company is recommended by the Remuneration Committee to the Board. The criteria adopted by the Committee to determine the remuneration of the Executive Directors is the performance of the Company and the industry benchmarks. The Company has entered into agreements with the Executive Directors of the Company, which are approved

by the Board of Directors as well as the shareholders of the Company, detailing the terms of their employment and their remuneration. These agreements with the Executive Directors are for a period of five years and renewed thereafter, on mutually accepted terms and conditions. The Executive Directors were re-appointed on 18th December, 2003, and in accordance with the terms of their agreements, their appointments can be terminated by giving six months notice in writing. Their remuneration structure comprises of salary, house rent allowance, commission, perquisites, etc. No severance is payable to the Directors on termination of employment.

#### Non-Executive Directors:

The contribution of the Non-Executive/Independent Directors of the Company is critical for ensuring appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and other stakeholders, and to achieving greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. The criterion for determining the commission payable to the Non-Executive Directors includes evaluating their performance in terms of the contribution made by them in leading the Company to achieve its objectives as well as their commitment towards attending the meetings and thereby enhancing the decision-making process of the Board. The commission paid to the Non-Executive Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders at their meeting held on 28th June, 2004. The commission payable is determined as a percentage to the profits (as determined under Section 349 and 350 of the Companies Act, 1956) of the Company. Apart, from commission the Non-Executive Directors are also paid sitting fees of Rs. 10,000/- (Rupees Ten Thousand only) per meeting, for attending the meeting(s) of the Board of Directors and Committees thereof, except for attending the meeting(s) of the Share Transfer Committee. The Company has not granted any Stock Options to any of its Directors.

#### Remuneration paid to the Directors and their relationship with each other:

(Figures in Rs.)

Name of the Director	Relationship with each other	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	Brother of Mahendra Choksi	26,10,000	10,44,000	37,19,028	-	85,00,000	1,58,73,028
Ashwin Dani	Father of Hasit Dani	26,10,000	10,44,000	37,82,700	-	85,00,000	1,59,36,700
Abhay Vakil	Brother of Amar Vakil	26,10,000	10,44,000	37,82,700	-	85,00,000	1,59,36,700
Mahendra Choksi	Brother of Ashwin Choksi	-	-	-	1,00,000	7,00,000	8,00,000
Amar Vakil	Brother of Abhay Vakil	-	-	-	40,000	7,00,000	7,40,000
Hasit Dani	Son of Ashwin Dani	-	-	-	90,000	7,00,000	7,90,000
Tarjani Vakil	**	-	-	-	1,50,000	9,00,000	10,50,000
Dipankar Basu	**	-	-	-	1,60,000	9,00,000	10,60,000
Deepak Satwalekar	**	-	-	-	1,00,000	7,00,000	8,00,000
R.A. Shah	**	-	-	-	70,000	7,00,000	7,70,000
S. Sivaram	**	-	-	-	30,000	2,65,000	2,95,000
Mahendra Shah	**	-	-	-	1,60,000	9,00,000	10,60,000

Note:

\* Perquisites include Company's contribution to provident and superannuation fund, medical and leave travel allowance etc., as well as monetary value of perquisites as per Income Tax rules.

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

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

Mr. Jalaj Dani, son of Mr. Ashwin Dani, Vice Chairman & Managing Director, holds the position of President – International Business Unit and had drawn a gross remuneration of Rs. 66,77,784/- (Rupees Sixty-six Lakhs Seventy-seven Thousand Seven Hundred Eighty-four only) during the financial year 2006-2007. Mr. Manish Choksi, son of Mr. Mahendra Choksi, Non-Executive Director, holds the position of Chief – Corporate Strategy & CIO and had drawn a gross remuneration of Rs. 66,82,827/- (Rupees Sixty-six Lakhs Eighty-two Thousand Eight Hundred Twenty-seven only) during the financial year 2006-2007. Ms. Nehal Vakil, daughter of Mr. Abhay Vakil, Managing Director, holds the position of a Manager – Finance and had drawn a gross remuneration of Rs. 11,31,403/- (Rupees Eleven Lakhs Thirty-one Thousand Four Hundred Three only) during the financial year 2006-2007.

Mr. Malav Dani, son of Mr. Ashwin Dani, Vice Chairman & Managing Director, held the position of the Manager – Quality Support and separated from the Company on 5th December, 2006. During the financial year, for the period upto which he was employed, he was paid a gross remuneration of Rs. 8,34,370/- (Rupees Eight Lakhs Thirty-four Thousand Three Hundred Seventy only). During the financial year ended 31st March, 2007, the Remuneration Committee recommended to the Board the appointment of Mr. Vishal Choksi, son of Mr. Shailesh Choksi (a relative of Company's Directors Mr. Ashwin Choksi and Mr. Mahendra Choksi) as a Management Trainee for a remuneration less than Rs. 6,00,000/- (Rupees Six Lakhs only) p.a., including all allowances. The Board at its meeting held on 28th July, 2006, subject to the approval of the shareholders at their ensuing Annual General Meeting, approved the appointment of Mr. Vishal Choksi in terms of Section 314(1)(b) of the Companies Act, 1956. The appointment of Mr. Malav Dani and revision in remuneration of Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil was approved by the shareholders at the Annual General Meeting held on 27th June, 2005 as well as the Central Government.

**Shareholding of the Non-executive/Independent Directors of the Company as on 31st March, 2007:**

Name of the Director	Nature of Directorship	No. of Shares held	Percentage to the paid up capital*
Mahendra Choksi	Non-executive/ Promoter	1,65,638	0.173
Amar Vakil	Non-executive/ Promoter	10,64,021	1.109
Hasit Dani	Non-executive/ Promoter	5,15,560	0.537
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	0.001
S. Sivaram	Non-executive/ Independent	Nil	Nil
Mahendra Shah	Non-executive/ Independent	Nil	Nil
Total		17,47,028	1.820

\* As per the declarations made to the Company by the Directors as to the shares held in their own name.

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

In terms of Clause 49 of the Listing Agreement, the Board has constituted the Shareholders/Investors Grievance Committee, under the chairmanship of a Non-Executive Director/Independent Director to specifically look into the redressal of shareholders' complaints.

Details as to the composition of the Committee, date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2007:

**Date(s) on which the meeting(s) were held during the financial year 2006-2007:**

27th October, 2006

29th March, 2006

**Attendance details of the members during the financial year 2006-2007:**

Composition of the Shareholders/ Investors Grievance Committee	Meeting details			Whether attended last AGM (Y/N)
	Held during the tenure of Director	Attended	% of total	
Mahendra Shah (Chairman)	2	2	100%	Y
Abhay Vakil	2	2	100%	Y
Mahendra Choksi	2	2	100%	Y
Hasit Dani	2	1	50%	Y

The terms of reference of the Committee include the following:

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

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

Details pertaining to the number of complaints received and resolved and the status thereof during the financial year ended 31st March, 2007:

Nature of complaints	Received	Replied
Non receipt of Share Certificates lodged for transfer	1	1
Non receipt of Dividend warrants	5	5
Non receipt Share Certificate lodged for split/ Bonus shares	3	3
Letters from SEBI/Stock Exchanges	10	10
Others/miscellaneous	11	11
Total	30	30

All the complaints as at the end of financial year 31st March, 2007, stand resolved and no complaints are pending for redressal except where they are constrained by dispute or legal impediments or due to incomplete or non submission of documents by the shareholders. Certain Court cases are pending in the Courts/Consumer Forums, relating to disputes over the titles to the shares of the Company in which either the Company has been made a party or necessary intimation thereof has been received by the Company. The Company shall comply with the decrees or orders of the Hon'ble Courts as and when the same are received by the Company.

**SHARE TRANSFER COMMITTEE:**

The Share Transfer Committee was reconstituted by the Board at their meeting held on 29th January, 2007 consequent to the reduction in the number of share transfer requests and to facilitate processing of transfers, transmissions, deletion, etc, more expeditiously by the Company in co-ordination with Sharepro Services (India) Private Limited, the Company's Registrar and Transfer Agent.

**Constitution of the Share Transfer Committee before and after its reconstitution:**

Members of the Committee before reconstitution	Members of the Committee after reconstitution
Abhay Vakil (Chairman)	Abhay Vakil (Chairman)
Ashwin Dani	Ashwin Dani
Mahendra Choksi	Ashwin Choksi
Hasit Dani	Jayesh Merchant, Chief Financial Officer & Company Secretary

The Share Transfer Committee, constituted by the Board has been delegated powers to administer the following:

- To effect transfer of shares;
- To effect transmission or deletion of shares;
- To issue duplicate share certificates as and when required;
- To approve the register of members as on the record date(s) and/or book closure dates for receiving dividends and other corporate benefits; and
- To review correspondence with the shareholders vis-à-vis legal cases and take appropriate decisions in that regard.

The Committee, in accordance with Clause 49 (IV) (G) of the Listing Agreement, attends to the share transfer and other formalities once in a fortnight and has met 25 times during the financial year 2006-2007.

**SUBSIDIARY COMPANIES:**

In terms of Clause 49 (III) of the Listing Agreement, 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.

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

**CEO/CFO CERTIFICATION:**

As required by Clause 49(V) of the Listing Agreement, the CEO/CFO Certificate signed by Mr. Ashwin Choksi, Chairman and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 10th May, 2007.

**GENERAL BODY MEETINGS:****Venue and the time of the last three Annual General Meetings of the Company:**

Year	Location	Meeting Date	Time	No. of Special Resolutions set out at the AGMs
2005-06	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020.	26th June, 2006	3.00 p.m	Nil
2004-05	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020.	27th June, 2005	3.00 p.m	7
2003-04	Yashwantrao Chavan, Pratishan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021.	28th June, 2004	3.00 p.m	2

No special resolutions were passed at the last AGM by the shareholders. All special resolutions set out in the notices for the year 2003-2004 and 2004-2005 were passed by the shareholders at the respective meetings with requisite majority. There were no resolutions passed through postal ballot during the financial year ended 31st March, 2007.

**DISCLOSURES:**

- Disclosures on materially significant related party transactions:  
The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. All transactions were carried out on an arms length basis and were not prejudicial to the interest of the Company.
- Details of non-compliance(s) by the Company:  
The Company has complied with all the requirements of the Stock Exchange(s) or Securities Exchange Board of India on matters related to Capital Markets, as applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.
- Disclosure of Accounting Treatment:  
The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the any Accounting Standard.
- Details of compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:  
Your Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Following is the status of the compliance with the Non-Mandatory requirements of the Clause 49 of the Listing Agreement:
  - The Company has constituted a Remuneration Committee. The Remuneration Committee determines the remuneration payable to the Executive Directors of the Company. The Chairman of the Committee was present at the Annual General Meeting of the Company held on 26th June, 2006.
  - Half-yearly results of the Company are sent to all shareholders.

- During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- Code of Conduct for the Board of Directors and senior management personnel:  
The Board of Directors at their meeting held on 25th March, 2005, had adopted a Code of Conduct for all the Board Members and senior management personnel of the Company in consonance 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 31st March, 2007. The declaration to this effect signed by Mr. Ashwin Choksi, Chairman of the Company forms part of the report.
- Code of Conduct for Prevention of Insider Trading:  
Your Company has adopted a Code of Conduct for Prevention of Insider Trading, in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary is the Compliance Officer. All the Directors, senior management personnel and such other designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company are covered under the said code. The Directors, their relatives, senior management personnel, designated employees etc. are restricted in purchasing, selling and dealing in the shares while possession of unpublished price sensitive information about the Company as well as during certain periods known as 'Quiet Period.'
- Management Discussion and Analysis:  
This annual report has a detailed section on Management Discussion and Analysis forming part of the Directors' Report.

**MEANS OF COMMUNICATION:**

The quarterly results of Company are published in all India editions of Business Standard and Mumbai editions of Free Press Journal and Navshakti. The results of the Company are also put up on the Company's corporate website: www.asianpaints.com. Also, the Annual General Meeting(s) conducted by the Company enable face to face communication by the Board of Directors with the shareholders of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website. All important information pertaining to the Company is also mentioned in the Annual Report of the Company containing *inter-alia* Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and the Corporate Governance Section which is circulated to the members and others entitled thereto for each financial year. The Annual Report, quarterly results, shareholding pattern etc. are posted on the website: www.sebiedifar.nic.in, pursuant to Clause 51 of the Listing Agreement and are also intimated to Stock Exchange(s) which in turn display the same on their website.

**DISCLOSURES REGARDING RE-APPOINTMENT OF DIRECTORS:**

As per the Companies Act, 1956, at least two-thirds of the Board should consist of retiring Directors. Of these, one-third of the retiring Directors are required to retire every year. All the Directors, excepting the three Executive Directors are liable to retire by rotation.

Following are the details of the Directors retiring by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) of the Listing Agreement:

**Mr. Mahendra Shah**

<b>Date of birth</b>	19th April, 1940
<b>Qualification</b>	B.E. (Electrical), M.E. (Industrial Engineering)
<b>Date of joining the Board</b>	6th June, 2001

Mahendra Shah is a B.E. (Electrical Engineering) from Mumbai University and has completed M.E. (Industrial Engineering) from New York University, U.S.A. He was the Managing Director of The Indian Card Clothing Company Limited (an Indo-English joint-venture) for over 15 years and has had successful associations with companies such as Suessan Asia Limited (Managing Director) and Texmatic India Limited (Director). Mr. Mahendra Shah has proven entrepreneur skills and business expertise.

Mr. Mahendra Shah does not own any shares of the Company in his own name or in the name of others and having beneficial interest.

**Mr. Hasit Dani**

<b>Date of birth</b>	14th June, 1972
<b>Qualification</b>	Master in Business Administration
<b>Date of joining the Board</b>	23rd July, 2001

Mr. Hasit Dani holds a master degree in Business Administration from University of Pittsburgh, U.S.A and Bachelors Degree in Business Administration from University of Massachusetts. He has experience in General Administration. Presently he is working as Managing Director of Gujarat Organics Limited.

Details as to his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others, as on 31st March, 2007, are as follows:

Category	Number of Shares	Percentage to paid-up capital
Own name	5,15,560	0.537
Held in the name of other persons/ companies and having beneficial interest in such shares	Nil	Nil
Total	5,15,560	0.537

**Mr. Mahendra Choksi**

<b>Date of birth</b>	19th April, 1941
<b>Qualification</b>	B.E. (Chem), M.Sc. (Tech.), PPV
<b>Date of joining the Board</b>	27th November, 1992

Mr. Mahendra Choksi has considerable knowledge and experience in the Chemical industry, particularly in 'Synthetic Resins'. Mr. Mahendra Choksi was Director-Production & Process Engineering till 1st March, 1973 in Asian Paints Limited. Prior to becoming a Director on the Board of Asian Paints Limited, he was holding the position of Managing Director in Resins and Plastics Limited till 31st August, 2002.

Details as to his shareholding in the Company either in his own name or in the name of others and having beneficial interest in the shares held by others, as on 31st March, 2007 are as follows:

Category	Number of Shares	Percentage to paid-up capital
Own name	1,65,638	0.173
Held in the name of other persons/ companies and having beneficial interest in such shares	25,44,671	2.653
Total	27,10,309	2.826

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

The certificate given by the Statutory Auditors of the Company as to the compliance of the condition of Corporate Governance pursuant to Clause 49(VII)(1) of the Listing Agreement is annexed to the Corporate Governance report and forms part of the report.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting:

<b>Date</b>	Tuesday, 26 June, 2007.
<b>Venue</b>	Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400 021
<b>Time</b>	3.00 p.m.

### Financial calendar:

Financial year: 1st April to 31st March.

For the year ended 31st March, 2007 results were announced on:

29th July, 2006	First quarter
30th October, 2006	Half yearly
29th January, 2007	Third quarter
11th May, 2007	Fourth quarter and annual

For the financial year ending on 31st March, 2008 results will be announced tentatively:

On or around 30th July, 2007	First quarter
On or around 25th October, 2007	Half yearly
On or around 22th January, 2008	Third quarter
On or around 10th May, 2008	Fourth quarter and annual

### Book Closure:

The dates of book closure are from 15th June, 2007 to 26th June, 2007 inclusive of both days.

### Dividend:

An interim dividend of Rs. 5.50 per share (55 per cent) was declared on 30th October, 2006 and paid on 9th November, 2006 and a 2nd interim dividend of Rs. 6.50 per share (65 per cent) per share has been declared on 13th March, 2007 and paid on 26th March, 2007. A final dividend of Re 1/- (10 per cent) per share has been recommended on 10th May, 2007 and subject to the approval from the shareholders at the AGM, will be paid on and from 27th June, 2007 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 15th June, 2007.
- 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 15th June, 2007.

### Dividend declared and paid by the Company:

#### Dividend during the last five years:

2001-2002	90	578
2002-2003	110	706
2003-2004	85*	815
2004-2005	95*	911
2005-2006	125*	1199
2006-2007 (1st interim)	55*	528
2006-2007 (2nd interim)	65*	623

\* On increased capital

### Listing:

The Company's shares are listed on:

- Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street,  
Mumbai 400 023.
- National Stock Exchange of India Limited (NSE)  
Exchange Plaza, 5th Floor, Plot No. C/1 "G" Block,  
Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

The Company has paid the listing fees for the financial year 2006-2007 to the Stock Exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2006-2007 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.

Stock exchange codes assigned to your Company's shares are as follows:

#### Stock exchange codes:

Name of the Stock Exchange	Code
BSE	500820
NSE	ASIANPAINT

**Stock Price Data**

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) for the year ended 31st March, 2007 are as follows:

High, low and volumes of Asian Paints' shares for 2006-2007					
Month	High (Rupees)	Low (Rupees)	Volume (No. of shares)	Date on which it touched the high	Date on which it touched the low
April, 2006	662.00	590.00	5,42,884	07.04.2006	28.04.2006
May	707.00	525.00	8,21,965	10.05.2006	23.05.2006
June	605.00	501.10	7,96,798	02.06.2006	02.06.2006
July	610.00	551.00	2,74,176	31.07.2006	24.07.2006
August	655.00	599.50	3,20,538	11.08.2006	01.08.2006
September	685.00	629.50	2,95,453	29.09.2006	01.09.2006
October	712.00	530.00	7,21,902	05.10.2006	19.10.2006
November	725.00	668.15	3,02,582	08.11.2006	01.11.2006
December	742.00	692.10	12,39,617	06.12.2006	07.12.2006
January, 2007	835.00	684.95	5,77,634	15.01.2007	12.01.2007
February	810.15	708.30	11,31,655	08.02.2007	28.02.2007
March	777.90	642.00	4,25,449	30.03.2007	05.03.2007

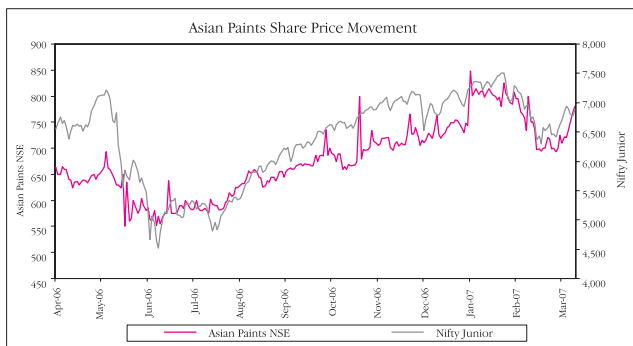
Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade in Asian Paints shares on BSE.

**Shareholders' Satisfaction Survey**

The Company had carried out a shareholders' satisfaction survey by sending out a questionnaire to all the shareholders of the Company in June, 2006. Feedback from shareholders was requested on various aspects of services rendered to by the Company and Registrar & Transfer Agent of the Company, Sharepro Services (India) Pvt. Ltd. Shareholders expressed their satisfaction as to the services rendered to them by the Company and its R&T agent.

Chart A shows the comparison of your Company's share price movement on NSE vis-à-vis the movement of the CNX Nifty Junior for the year 2006-2007:

**Chart A**



Note:

Both Asian Paints share prices and the CNX Nifty Junior have been indexed to 100 as on 1st April, 2006.

**Performance of the Company's share price as at the beginning and end of the financial year 2006-2007:**

**Performance of the Company's share price on BSE and NSE (In Rs.)**

	BSE	NSE
Price as on 3rd April, 2006	646.65	644.60
Price as on 30th March, 2007	764.80	762.60
Change in value	+ 118.15	+ 118.00
% Change	+ 18.27%	+ 18.30%

**Share transfer system:**

The share transfer requests for shares held in physical form received by the Company are processed and the share certificates are returned within the stipulated period under the Companies Act, 1956 and the Listing Agreement, provided that the documents received are in order and complete in all respects. A summary of all the transfers, transmissions, deletion requests etc., approved by the Share Transfer Committee are placed before the Board of Directors. The Committee ordinarily meets once every fortnight.

**Distribution of Shareholder holdings:**

The distribution pattern of shareholding of your Company as on 31st March, 2007 by ownership and size class, respectively, is as follows:

**Distribution of shareholding by ownership:**

Category of shareholder	Total No. of shares	Percentage of total no. of shares
<b>(A) Shareholding of Promoter and Promoter Group</b>		
1) Indian		
(a) Individuals/Hindu Undivided Family	94,83,999	9.887
(b) Bodies Corporate	3,51,44,583	36.640
(c) Trust	12,41,806	1.295
<b>Total Shareholding of Promoter and Promoter Group</b>	<b>4,58,70,388</b>	<b>47.822</b>
<b>(B) Public shareholding</b>		
1) Institutions		
(a) Mutual Funds/UTI	14,35,711	1.497
(b) Financial Institutions/Banks	14,287	0.015
(c) Insurance Companies	92,15,875	9.608
(d) Foreign Institutional Investors	1,94,62,971	20.291
Sub-Total(B) (1)	3,01,28,844	31.410
<b>2) Non-institutions</b>		
(a) Bodies Corporate	27,67,374	2.885
(b) Individuals		
(i) Individual shareholders holding nominal share Capital up to Rs. 1 lakh	1,39,67,749	14.562
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1lakh	11,88,925	1.239
(c) Individual (Non-Resident individuals)	19,96,499	2.081
Sub-Total(B) (2)	1,99,20,547	20.768
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5,00,49,391</b>	<b>52.178</b>
<b>Total (A)+(B)</b>	<b>9,59,19,779</b>	<b>100.000</b>

**Distribution of shareholding of the Company by number of shares held as on 31st March, 2007:**

	Shareholders		Amount (Rs.)	% to Total
	Number	% to Total		
Upto 500	40,395	82.385	5,06,91,970	5.285
501 – 1000	5,511	11.240	4,38,82,310	4.575
1001 – 2000	1,638	3.341	2,40,47,400	2.507
2001 – 3000	485	0.989	1,21,41,670	1.266
3001 – 4000	233	0.475	82,16,030	0.857
4001 – 5000	185	0.377	84,50,990	0.881
5001 – 10000	224	0.457	1,63,11,950	1.701
10001 and above	361	0.736	79,54,55,470	82.929
<b>Total</b>	<b>49,032</b>	<b>100.000</b>	<b>95,91,97,790</b>	<b>100.000</b>

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

Number of shares	% of total shares	Number of shareholders	% of total shareholders
68316615	71.22%	33211	67.73%

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

**Break up of shares in physical and demat form as on 31st March, 2007:**

	No. of Shares	Percentage of shares
Physical Segment	2,76,03,164	28.78
Demat Segment:		
NSDL	6,69,12,489	69.76
CDSL	14,04,126	1.46
Total	9,59,19,779	100.00

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

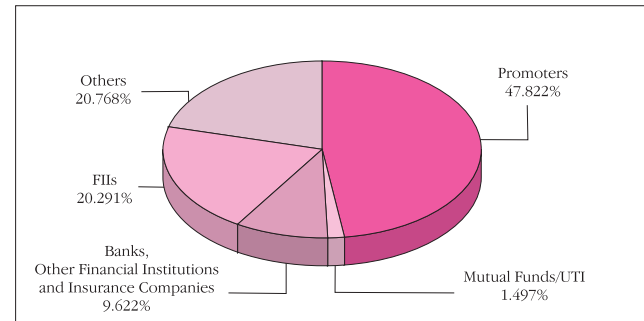
The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31st March, 2007.

**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

**Distribution pattern of Shareholdings as on 31st March, 2007:****History of IPO/Bonus Issue/Allotment of shares of the Company:****Build up of the Company's share capital:**

Type of issue	Year of issue	Ratio	No. of shares	Total cumulative shares (No.)
Paid up Capital (Pre-IPO)	1982	–	–	35,00,000
IPO	1982	–	16,85,185	51,85,185
Bonus issue	1985	3:5	31,11,111	82,96,296
Bonus issue	1987	1:2	41,48,148	1,24,44,444
Bonus issue	1992	3:5	74,66,666	1,99,11,110
Bonus issue	1996	1:1	1,99,11,110	3,98,22,220
Issue of shares pursuant to merger with Pentasia Chemicals Limited	1996	1:25	2,94,000	4,01,16,220
Bonus issue	2000	3:5	2,40,69,732	6,41,85,952
Bonus issue	2003	1:2	3,20,92,976	9,62,78,928
Cancellation of shares pursuant to merger of Pentasia Investments Limited with the Company	2003	–	3,59,149	9,59,19,779
<b>Total paid up capital as on 31st March, 2007</b>				<b>9,59,19,779</b>

**Top ten shareholders of the Company in the non-promoter category as on 31st March, 2007:****Top ten shareholders:**

Name of the shareholder	No. of Shares held	Percentage
Life Insurance Corporation of India	79,43,167	8.281
Genesis Indian Investment Company Limited	55,66,283	5.803
Aberdeen Asset Managers Limited	26,89,659	2.804
Universities Superannuation Scheme Limited	19,08,200	1.989
Smallcap World Fund Inc.	13,12,500	1.368
FID Funds (Mauritius) Limited	12,54,368	1.308
The Master Trust Bank of Japan Ltd. A/c.	8,28,090	0.863
Columbia Acorn Trust A/c. Columbia Acorn	7,00,000	0.730
Acacia Partners, Lp.	6,99,904	0.730
General Insurance Corporation of India	5,88,530	0.614

**Secretarial Audit Report:**

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

**Electronic Clearing Scheme (ECS) for dividend:**

The Reserve Bank of India (RBI) has provided an Electronic Clearing Scheme (ECS) to the investors as an option to receive dividend directly through their bank accounts rather than receiving the same in the form of Dividend Warrants. Under this option, an investor’s bank account is directly credited and intimation thereof is sent by the Company to the shareholder.

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

**Shareholders holding shares in physical form:**

Investors who would like to avail this facility and are holding shares in physical form may send in their ECS Mandate Form, duly filled in to the Company’s Registrar and Transfer Agent, Sharepro Services (India) Private Limited, Satam Estate, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021. The ECS mandate form is given at the end of the annual report. The ECS Mandate instruction should be under the signature of the shareholder(s) as per the specimen signature records lodged with the Company.

**Shareholders holding shares in electronic/demat form:**

Investors holding shares in demat or electronic form may send in their ECS mandate to the concerned Depository Participant (DP) directly, in the format prescribed by the 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. Additional details pertaining to the Electronic Clearing System (ECS) are mentioned elsewhere in the Annual Report.

**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 in Form 2B (A format is given at the end of the annual report), to the Company’s Registrar and Transfer Agent, Sharepro Services (India) Private Limited, Satam Estate, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

**Consolidation of Folios:**

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

**Unpaid/Unclaimed dividend:**

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

**Due dates for transfer of dividend unclaimed to IEPF:**

Financial Year	Unclaimed dividend amount as on 31st March, 2007 (Rs.)	Due date for transfer to IEPF
1999-2000 2nd Interim	6,27,042.00	29.04.2007
2000-2001 Interim	5,62,098.37	22.11.2007
2000-2001 Final	14,39,533.00	27.09.2008
2001-2002 Interim	13,30,475.00	29.11.2008
2001-2002 Final	17,52,713.00	25.08.2009
2002-2003 Interim	14,63,650.00	22.11.2009
2002-2003 Final	23,94,445.00	17.08.2010
2003-2004 Interim	16,07,482.00	29.11.2010
2003-2004 Final	20,21,124.80	27.07.2011
2004-2005 Interim	21,73,360.00	26.11.2011
2004-2005 Final	25,23,202.00	26.07.2012
2005-2006 Interim	23,15,687.00	25.11.2012
2005-2006 Final	36,90,639.00	25.07.2013
2006-2007 1st interim	28,82,792.26	29.11.2013
2006-2007 2nd interim	3,52,60,449.50	12.04.2014

**Registrar & Transfer Agent:**

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

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

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

Unit: Asian Paints Limited  
 Satam Estate, 3rd Floor, Above Bank of Baroda,  
 Cardinal Gracious Road, Chakala,  
 Andheri (E), Mumbai 400 099.  
 Tel. No. 2821 5168, 2832 9828,  
 2821 5991, 2834 7719, 2834 8218  
 Fax No. 2837 5646  
 Email: sharepro@vsnl.com

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

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

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

**Asian Paints Limited**

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

The Company's website provides for the benefit of shareholders, information on topics such as transfer and transmission of shares, equity history, dematerialisation, nomination, change of address, loss of share certificates and the Company's performance and dividend policy.

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

Securities Exchange Board of India (SEBI) has recently amended the Listing Agreement by adding a new sub-clause (f) to the Clause 47 of the Listing Agreement, which mandates all listed companies to designate an e-mail address of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors. Your company even before the aforesaid was mandated by SEBI, had an exclusive e-mail id for registering complaints by the shareholders and quick redressal thereof.

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

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

**Plant locations:****Paint Plants:**

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

**Phthalic Plant:**

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

**Penta Plant:**

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

**Industrial Paints Plant:**

- Plot no.3/2, MIDC, Taloja, Raigad 410208, Maharashtra.

**Address for Correspondence:****Registered Office:**

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

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel for the financial year ended 31st March, 2007.

Ashwin Choksi  
Chairman

Mumbai  
10th May, 2007

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

TO THE MEMBERS OF ASIAN PAINTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Asian Paints Limited for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement entered into with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Shah & Co.,  
Chartered Accountants

H. N. Shah  
Partner  
M. No. 8152

Mumbai  
10th May, 2007