

Report on Corporate Governance

Asian Paints' Philosophy on Corporate Governance

Asian Paints Limited aspires to reach the highest standards of Corporate Governance, while emphasising on transparency, creating a sustainable culture and setting industry-leading benchmarks. Our philosophy of Corporate Governance is built on a foundation of ethical and transparent business operations. Through this philosophy, the Company fosters a culture, focusing on well-embedded balance between performance and organisational health. This culture inspires trust among all stakeholders and strengthens the Board and management accountability.

The Company has adopted the values of good governance, sustainability and teamwork to create long-term value for its stakeholders. The practice of responsible governance has enabled it to achieve sustainable growth, while meeting the aspirations of its stakeholders and fulfilling societal expectations. Leveraging the principles of integrity, execution excellence, customer orientation and leadership in an ethical manner, the Company continues to take the necessary steps towards growth and to enhance value for its shareholders. The sound governance processes and systems guide the Company on its journey towards continued success.

Securities and Exchange Board of India (SEBI) constituted a Committee on 2nd June, 2017, under the stewardship of Mr. Uday Kotak, to further enhance the standards of Corporate Governance of listed entities in India. SEBI at its meeting held on 28th March, 2018 accepted several recommendations of the Kotak Committee and amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) effective from specified timelines. The Company welcomes these amendments to the Listing Regulations in accordance with recommendations of the Kotak Committee.

In recognition of its governance practices, the Company was conferred upon the 'Excellence in Corporate Governance Awards 2018-19', by the Indian Legal Era Journal of Law.

This report is prepared in accordance with the provisions of the Listing Regulations and the report contains the details of Corporate Governance systems and processes at Asian Paints Limited.

Governance Structure

Asian Paints' governance structure comprises of Board of Directors, Committees of the Board and the Management.

A. Board

The Company recognizes and embraces the importance of a diverse Board in its success and it believes that a truly diverse Board would leverage differences in thought, perspective, knowledge, skill and industry experience, which will enrich Board discussions and enable effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of Company's businesses. The Board effectively separates the functions of governance and management and balances deliverables.

The composition and size of the Board is reviewed periodically to ensure that the Board is a wholesome blend of Directors with complementary skill-sets. The Board periodically evaluates the need for change in its size and composition.

Composition of the Board:

As on the date of this Report, the Board comprised of 14 (fourteen) members, 7 (seven) of which are Independent Directors constituting half of the Board strength, 6 (six) are Non- Executive/ Promoter Directors and 1 (one) Managing Director & CEO.

The composition of the Board is in conformity with the requirements of Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 read with the Rules issued thereunder.

The details of attendance of Directors at Board Meetings either in person or through video conference during the financial year 2018-19 and at the Annual General Meeting (AGM) of the Company are as reproduced below:

Name of the Director(s) & Director Identification Number (DIN)	Board meeting dates							AGM held on 26 th June, 2018
	10 th May, 2018	24 th July, 2018	22 nd October, 2018	5 th November, 2018	21 st December, 2018	22 nd January, 2019	22 nd March, 2019	
Late Ashwin Choksi ¹ (DIN: 00009095)	✓	✓	NA	NA	NA	NA	NA	✓
Ashwin Dani ² (DIN: 00009126)	✓	✓	✓	✓	✓	✓	✓	✓
Abhay Vakil (DIN: 00009151)	✓	✓	✓	✓	✓	✓	✓	✓
Manish Choksi ³ (DIN: 00026496)	NA	NA	✓	✓	✓	✓	✓	NA
K.B.S. Anand (DIN: 03518282)	✓	✓	✓	✓	✓	✓	✓	✓
Mahendra Choksi ⁴ (DIN: 00009367)	✓	✓	✓	✓	✓	✓	✓	✓
Malav Dani (DIN: 01184336)	✓	✓	✓	✓	✓	✓	✓	✓

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Name of the Director(s) & Director Identification Number (DIN)	Board meeting dates							AGM held on 26 th June, 2018
	10 th May, 2018	24 th July, 2018	22 nd October, 2018	5 th November, 2018	21 st December, 2018	22 nd January, 2019	29 th March, 2019	
Amrita Vakil (DIN: 00170725)	✓	✓	✓	✓	✓	✓	✓	✓
Deepak Satwalekar (DIN: 00009627)	✓	✗	✓	✓	✓	✓	✓	✓
S. Sivaram (DIN: 00009900)	✓	✗	✓	✓	✗	✓	✓	✓
Mahendra Shah ⁴ (DIN: 00009786)	✓	✓	✓	✓	✓	✓	✓	✓
S. Ramadorai ⁴ (DIN: 00000002)	✗	✓	✓	✗	📺	✓	✓	✓
M. K. Sharma (DIN: 00327684)	✓	✗	✓	✓	✓	✓	✓	✓
Vibha Paul Rishi (DIN: 05180796)	✓	✓	✓	✓	✗	✓	✓	✓
R. Seshasayee (DIN: 00047985)	✓	✓	✓	✓	✗	✓	✓	✓

NA – Not Applicable ✓ Present ✗ Absent 📺 Present through video-conferencing

Notes:

- Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.
- Mr. Ashwin Dani was elected as the Chairman of the Board w.e.f. 5th November, 2018.
- Mr. Manish Choksi was appointed as a Non – Executive Director at the meeting of Board of Directors held on 22nd October, 2018 in casual vacancy created by the sad demise of Mr. Ashwin Choksi. He was appointed as the Vice-Chairman of the Board w.e.f. 5th November, 2018. His appointment as a Non-Executive Director of the Company was approved by the shareholders by way of Postal Ballot with requisite majority.
- Mr. Mahendra Choksi, Mr. Mahendra Shah and Mr. S Ramadorai ceased to be Directors of the Company w.e.f. 31st March, 2019.
- Mr. Suresh Narayanan and Mrs. Pallavi Shroff were appointed as Independent Directors w.e.f. 1st April, 2019 by the shareholders of the Company.
- Mr. Jigish Choksi was appointed as an Additional/Non – Executive Director w.e.f. 1st April, 2019, subject to approval of shareholders.

Board Procedures and flow of information

The dates of Board meetings are decided well in advance and are published under General Shareholders Information forming part of this Report. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The Board meets at least once in a quarter to, *inter alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, minutes of the Board Meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, presentations on Environment Health & Safety (EHS) initiatives, risk management, details of joint ventures or collaborations, any other proposal from the management, etc.

Availability of information to the Board

The Chairman of the Board and the Company Secretary determine the Agenda for every meeting along with explanatory notes in consultation with the Managing Director & CEO. The Board has unrestricted access to all Company-related information. The Agenda for the meetings is circulated well in advance to the Directors to ensure that sufficient time is provided to Directors to prepare for the meeting. With a view to ensure high standards of

confidentiality of Board papers and reduce paper consumption, the Company circulates to its Directors, notes for Board/Committee meetings through a secure and encrypted electronic platform.

All material information is circulated to the Directors before the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of the Listing Regulations. The Managing Director & CEO, Members of the Executive Council/Operating Council of the Company are invited to attend meetings of the Board and make presentations to the Board on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, compliance reports, etc.

The Company Secretary attends all the meetings of the Board and its Committees and is, *inter alia*, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes are entered in the minutes book within 30 (thirty) days of conclusion of the meetings, subsequent to incorporation of the comments, if any, received from the Directors.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

The meetings of the Board of Directors are generally held in Mumbai and, if necessary, in locations, where the Company operates. Out of the 7 (seven) meetings of the Board, 2 (two) meetings were exclusively held to discuss and deliberate on succession planning of members of the Board and one (1) meeting was held to discuss and deliberate long term strategy plans, company budgets and operating plans. The maximum interval between any 2 (two) consecutive Board Meetings was well within the maximum allowed gap of 120 (one hundred and twenty) days. The necessary quorum was present for all the meetings.

Meeting of Independent Directors'

Schedule IV of the Companies Act, 2013 and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of non – Independent Directors.

During the financial year 2018-19, the Independent Directors met on 22nd October, 2018 and *inter alia*, discussed on succession planning of Directors, appointment of Chairman and Vice-Chairman, reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Non-Executive Directors with materially significant, pecuniary or business relationship with the Company

There have been no pecuniary or business relationship between the Non-Executive Directors and the Company, except for the sitting fees and commission payable to them annually in accordance with the applicable laws and with the approval of the shareholders. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Directorship and Membership of Committees and Shareholding of Directors

Board membership

The Nomination and Remuneration Committee is primarily responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director. It determines the composition of the Board based on the need and requirements of the Company from time to time and identifies the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal.

The Committee also recommends to the Board on matters relating to extension or continuation of the term of appointment of Independent Directors on the basis of the report of performance evaluation of Directors.

Succession Planning

The Company believes that sound succession plans for the Board members and senior leadership are very important for creating a

robust future for the Company. The Nomination and Remuneration Committee and the Board, as part of the succession planning exercise, periodically review the composition of the Board to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

Changes in the Board

During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors (i) approved the appointment of Mr. Manish Choksi as a Non-Executive Director of the Company, w.e.f. 22nd October, 2018, in casual vacancy created upon the sad demise of Mr. Ashwin Choksi (ii) considering the outcome of performance evaluation exercise, background, experience and contributions made by Dr. S Sivaram, Mr. Deepak Satwalekar, Mr. M K Sharma and Mrs. Vibha Paul Rishi during their tenure had approved re – appointment(s) of said Independent Directors for a second term (iii) approved the appointment of Mr. Suresh Narayanan and Mrs. Pallavi Shroff as Independent Directors for a tenure of 5 (five) years commencing from 1st April, 2019 to 31st March, 2024 (iv) appointed Mr. Jigish Choksi as an Additional Director w.e.f. 1st April, 2019.

In line with the requirements of Listing Regulations, the re-appointment/appointments were made keeping in mind proximity to 75 (seventy-five) years of age.

The shareholders vide resolutions passed through Postal Ballot approved the aforementioned re-appointments/appointments with requisite majority, except the appointment of Mr. Jigish Choksi which has been placed before the shareholders for their approval at the ensuing 73rd AGM of the Company.

Declarations

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder. A sample letter of appointment/ re-appointment containing the terms and conditions, issued to the Independent Directors, is posted on the Company's website at the following link:

<https://www.asianpaints.com/more/investors/notices.html>

Based on intimations/disclosures received from the Directors periodically, none of the Directors of the Company hold memberships/Chairmanships more than the prescribed limits.

Report on Corporate Governance (Continued)

The details of Directorships, relationship *inter-se*, shareholding in the Company, number of Directorships and Committee Chairmanships/ Memberships held by them in other public companies as on 31st March, 2019 are detailed below:

Name of the Director(s)	Nature of Directorship	Relationship with each other	Directorships held in other listed entities	Directorship in other Companies*	Membership and Chairmanship of the Committees of the Board of other Companies**		No. of shares held in the Company along with % to the paid up share capital of the Company****
					Chairman	Member	
Ashwin Dani	Non-Executive Chairman/Promoter	Father of Malav Dani	Non-Executive - Non Independent Director of Hitech Corporation Limited	3	1	1	20,84,870 (0.22%)
Manish Choksi#	Non-Executive Vice Chairman/Promoter	Son of Mahendra Choksi	Independent Director of NRB Industrial Bearings Limited	6	1	2	23,88,540 (0.25%)
Abhay Vakil	Non-Executive Director/ Promoter	Uncle of Amrita Vakil	-	4	1	0	2,84,68,310 (2.97%)
K. B. S. Anand	Managing Director & CEO	***	-	0	0	0	270 (0%)
Mahendra Choksi ^	Non-Executive Director/ Promoter	Father of Manish Choksi	-	0	0	0	21,96,180 (0.23%)
Malav Dani	Non-Executive Director/ Promoter	Son of Ashwin Dani	Managing Director of Hitech Corporation Limited	2	0	1	33,05,510 (0.34%)
Amrita Vakil	Non-Executive Director/ Promoter	Niece of Abhay Vakil	-	2	0	0	25,66,680 (0.27%)
Deepak Satwalekar	Non-Executive Director/ Independent	***	Independent Director of Piramal Enterprises Limited and The Tata Power Company Limited	3	1	0	Nil
S. Sivaram	Non-Executive Director/ Independent	***	Independent Director of GMM Pfudler Limited, Deepak Nitrite Limited, Apcotex Industries Limited and Supreme Petrochem Limited	6	2	0	Nil
Mahendra Shah ^	Non-Executive Director/ Independent	***	-	0	0	0	Nil
S. Ramadorai ^	Non-Executive Director/ Independent	***	Independent Director of Piramal Enterprises Limited and Hindustan Unilever Limited	3	0	1	Nil
M. K. Sharma	Non-Executive Director/ Independent	***	Independent Director of Wipro Limited and United Spirits Limited	4	2	2	Nil
Vibha Paul Rishi	Non-Executive Director/ Independent	***	Independent Director of Escorts Limited, Tata Chemicals Limited, The Indian Hotels Company Limited and ICICI Prudential Life Insurance Company Limited	9	1	4	Nil
R. Seshasayee	Non-Executive Director/ Independent	***	Non-Executive - Non Independent Director of IndusInd Bank Limited	2	0	0	1496 (0%)

Notes:

Mr. Manish Choksi was appointed as a Non- Executive Director of the Company w.e.f. 22nd October, 2018, to fill the casual vacancy caused by the sad demise of Mr. Ashwin Choksi.

^ Ceased to be a Director w.e.f. 31st March, 2019.

* Excludes directorship in Asian Paints Limited. Also excludes directorship in private companies, foreign companies, companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.

** For the purpose of considering the limit of Committee memberships and chairmanships of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Also excludes the memberships & chairmanships in Asian Paints Limited.

*** No inter-se relationship with any of the Directors of the Company.

**** 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.

Familiarization Programme

The Company conducts Familiarization Programme for Independent Directors to enable them to understand their roles, rights and responsibilities. Presentations are also made at the Board meetings which facilitates them to clearly understand the business of the Company and the environment in which the Company operates. They are also provided a platform to interact with multiple levels of management and are provided with all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

Moreover, when new Director(s) are inducted on the Board, an information pack is handed over to them which includes, Company profile, Company's Codes and Policies, Strategy and such other operational information which will enable them to understand the Company and its business(es) in a better way. The Company also arranges for visits to the Company's Plants and other establishments to enable them to get first-hand information and also interact with the stakeholders at ground level.

The details of such familiarization programmes for Independent Director(s) are put up on the website of the Company and can be accessed through the following link:

<https://www.asianpaints.com/more/investors/policies-programs.html>

Key Board qualifications, expertise and attributes

The Company's core business(es) include manufacturing, distribution and sale of paints & coatings, both architectural and industrial coatings, water-proofing, adhesives, etc., in India and abroad. The Company's Home Improvement Business includes modular kitchens and kitchen accessories, bath fittings, sanitary-ware and other home décor products and accessories.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context

of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole.

- i) Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry
- ii) International Business experience: Experience in leading businesses in different geographies/markets around the world
- iii) General management/Governance: Strategic thinking, decision making and protect interest of all stakeholders
- iv) Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.
- v) Technical skills and professional skills and knowledge including legal and regulatory aspects.

B. Committees of the Board

The Board has constituted various Committees with specific terms of reference in line with the provisions of the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Board periodically reviews the composition and terms of reference of its Committees in order to comply with any amendments/modifications to the provisions relating to composition of Committees under the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Company currently has 6 (six) Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Shareholders Committee.

During the year under review, the Board of Directors of the Company have, *inter alia*, revised the terms of reference of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee of the Board of Directors of the Company in view of amendments to the Listing Regulations by way of notification of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and amendments to the Companies Act, 2013.

Audit Committee

The Audit Committee met 6 (six) times during the financial year 2018-19. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2018-19 are detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)					
		9 th May, 2018	24 th July, 2018	22 nd October, 2018	21 st December, 2018	21 st January, 2019	27 th March, 2019
M K Sharma	Chairman	✓	✗	✓	✓	✓	✓
Mahendra Shah	Member	✓	✓	✓	✓	✓	✓
Abhay Vakil	Member	✓	✓	✓	✓	✓	✓
R. Seshasayee	Member	✓	✓	✓	✗	✓	✗

✓ Present ✗ Absent

Mr. Jayesh Merchant acts as Secretary to the Committee

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The Audit Committee meets the Statutory Auditors and the Chief Internal Auditor independently without the presence of any members of the management at least once in a year. The members of the Audit Committee are financially literate and have experience in financial management.

The Board of Directors appointed Mr. Suresh Narayanan, Independent Director, as a member of the Committee, w.e.f. 1st April, 2019, in place of Mr. Mahendra Shah who ceased to be Director on 31st March, 2019.

The terms of reference of Audit Committee, as approved by the Board and amended from time to time, 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 correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated, before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon 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 Sec 134(3)(c) of the Companies Act, 2013;
 - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management 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. Modified opinion(s) in the draft audit report, if any.
5. Reviewing the financial statements and investments made by unlisted subsidiary companies (including joint ventures);
6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board
 - a. qualifications and experience of the individual/firm proposed to be considered for appointment as auditor;
 - b. whether such qualifications and experience are commensurate with the size and requirements of the company; and
- c. giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.
7. 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;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. Reviewing and approving quarterly and yearly management representation letters to the statutory auditors;
10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the Company;
16. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
17. Review of internal audit reports relating to internal control weaknesses and discuss with internal auditors any significant findings and follow-up thereon;
18. 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;
19. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the Company by its officers/employees;
20. Approval or any subsequent modification of transactions of the company with related parties;

21. Reviewing the statements of significant related party transactions submitted by the management;
22. Reviewing and scrutinizing the inter-corporate loans and investments;
23. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy and overseeing the functioning of the same;
24. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
25. Approving the auditors (appointed under the Companies Act, 2013) to render any service other than consulting and specialized services along with approval of payment to statutory auditors for the same;
26. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;
27. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;
28. Appointing registered valuers and defining the terms and conditions for conducting the valuation of undertakings/assets/net-worth/liabilities of the Company, wherever it is necessary. Reviewing the valuation report and follow-up thereon;
29. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
30. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
31. Review and approve, policy formulated for determination of material subsidiaries;
32. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions;
33. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower;
34. Review compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment or modification from time to time) at least once in a financial year and shall verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively; and
35. Any other matter referred to by the Board of Directors.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018- 19 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)				
		26 th April, 2018	4 th October, 2018	20 th October, 2018	20 th December, 2018	15 th March, 2019
Deepak Satwalekar	Chairman	✓	✓	✓	✓	✓
M K Sharma	Member	✓	✓	✓	✓	✓
Ashwin Dani	Member	✓	✓	✓	✓	✓

✓ Present

Mr. Jayesh Merchant acts as secretary to the Committee

The Board of Directors appointed Mr. Manish Choksi as a member of the Committee, w.e.f. 1st April, 2019, in place of Mr. Ashwin Dani.

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board and amended from time to time, includes the following:

1. Formulate a criterion for determining qualifications, positive attributes and independence of a director;
2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
3. Devise a policy on Board Diversity;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
5. Specify methodology for effective evaluation of performance of Board/committees of the Board and review the terms of appointment of Independent Directors on the basis of the report of performance evaluation of the Independent Directors;
6. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company;
7. Recommend to the board all remuneration, in whatever form, payable to senior management; and

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8. Undertake any other matters as the Board may decide from time to time

During the year under review, the Board of Directors amended the Nomination and Remuneration Policy to bring it in line with the amendments to Section 178 of Companies Act, 2013 and Listing Regulations. The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at:

<https://www.asianpaints.com/more/investors/policies-programs.html>

The salient features of the Nomination and Remuneration Policy and changes therein, are as follows:

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Companies Act, 2013 and Listing Regulations and outlines the role of the Nomination and Remuneration Committee, *inter alia*, for determining the criteria for Board membership, approve, recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and individual Directors.

In accordance with the Policy, the responsibilities of Nomination and Remuneration Committee, *inter alia*, include:

- a. Formulation of criteria and its review on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director, based on the qualities, including independence for Independent Directors, and such expertise which may be beneficial for the Company and essential for it to operate in changing business environment. Identification of persons as potential candidates, who are qualified to be appointed as Directors and recommend their re – appointment, if any, to the Board after taking into consideration the performance of a Director.
- b. The Nomination & Remuneration Committee, *inter alia*, has been entrusted with the responsibility of evaluating the performance of every Director, Committees of the Board and the Board. The Committee also evaluates the performance of Managing Director against the Key Performance Indicators set at the beginning of the financial year.
- c. Remuneration of Directors, Senior Management and other employees:
 - i. Compensation to Managing Director or Executive Director: The Committee shall approve compensation package of the Managing Director or Executive Director(s). The Committee ensures that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component, subject to approval of the Board.
 - ii. Compensation to Senior Management: The Nomination & Remuneration Committee shall review performance

of the senior management of the Company, i.e., the members of the Executive/Operating Council of the Company (which includes Key Managerial Personnel), as presented by the Managing Director & CEO. The Committee shall ensure that the remuneration to the Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

- iii. Remuneration to Non-Executive Directors: The Nomination & Remuneration Committee shall recommend to the Board for its approval, commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made by similar sized, successful companies. The Nomination and Remuneration Committee considers and recommends commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness.
- iv. Remuneration to other employees: Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee shall review the Company's policy on performance management and rewards for employees from time to time. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity and involves an optimum balance of fixed and variable components.

Details of remuneration paid to Directors during the financial year 2018-19:

The shareholders of the Company at their Annual General Meeting held on 26th June, 2014, approved a sum of not exceeding 1% of the net profits of the Company, per annum calculated in accordance with Section 198 of Companies Act, 2013, to be paid to Non – Executive Directors in a manner as decided by the Board.

All the Non-Executive Directors of the Company are paid ₹ 50,000 (Rupees fifty thousand only) as sittings fees for attending meetings of the Board/Audit Committee and ₹ 30,000 (Rupees thirty thousand only) for attending meetings of other Committees except Shareholders Committee for which no sitting fees is paid.

The Independent Directors were also paid ₹ 30,000 (Rupees thirty thousand only) as sitting fees for their separate meeting(s) held during the year.

Details of the remuneration of the Directors of the Company for the financial year 2018-19 are as follows:

(Amount in ₹)

Name of the Director(s)	Basic Salary	Perquisites	Sitting fees	Commission	Total
Late Ashwin Choksi*#	-	3,38,000	1,00,000	18,00,000	22,38,000
Ashwin Dani#	-	7,35,000	5,00,000	35,00,000	47,35,000
Abhay Vakil#	-	7,37,895	6,50,000	28,00,000	41,87,895
Manish Choksi^	-	-	2,50,000	22,00,000	24,50,000
K.B.S. Anand**	2,86,46,000	3,69,34,982	-	5,25,00,000	11,80,80,982
Mahendra Choksi	-	-	5,60,000	28,00,000	33,60,000
Malav Dani	-	-	5,00,000	30,00,000	35,00,000
Amrita Vakil	-	-	4,10,000	28,00,000	32,10,000
Deepak Satwalekar	-	-	4,80,000	32,00,000	36,80,000
S. Sivaram	-	-	3,70,000	28,00,000	31,70,000
Mahendra Shah	-	-	7,40,000	30,00,000	37,40,000
S. Ramadorai	-	-	4,30,000	28,00,000	32,30,000
M.K. Sharma	-	-	8,20,000	34,00,000	42,20,000
Vibha Paul Rishi	-	-	4,80,000	28,00,000	32,80,000
R. Seshasayee	-	-	5,30,000	28,00,000	33,30,000

Notes:

* Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.

Perquisites in case of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, Non-Executive Directors are 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 31st March, 2009.

** Perquisites for Mr. K.B.S Anand include Company's contribution to provident fund, superannuation fund, supplementary allowance etc., as well as monetary value of perquisites as per Income Tax rules in accordance with the contract of Mr. K.B.S Anand with the Company.

^ Mr. Manish Choksi was appointed as a Non-Executive Director w.e.f. 22nd October, 2018.

The Company has not granted stock options to any of its Directors.

Performance Evaluation of Board, Committees and Senior Management:

One of the key responsibilities of the Board and the Nomination & Remuneration Committee includes establishment of a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairman.

During the year under review, surveys were undertaken for evaluation of performance of Directors, Board as a whole and Committees of the Board.

The Nomination & Remuneration Committee has determined a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis.

Board and Individual Directors

The parameters of the performance evaluation process for the Board, *inter alia*, considers work done by the Board around long term strategy, rating the composition & mix of Board members, discharging its governance & fiduciary duties, handling critical and dissenting suggestions, etc.

The parameters of the performance evaluation process for Directors includes, effective participation in meetings of the Board, domain knowledge, vision, strategy, attendance of Director(s), etc. Independent Directors were evaluated by the entire Board with respect to fulfillment of independence criteria as specified in the Listing Regulations and their Independence from the Management.

The Independent Director(s) had evaluated the performance of Non – Executive Directors and the Chairman of the Board. The outcome of surveys and feedback from Directors was discussed at the respective meetings of Board, Committees of Board and meetings of Independent Directors.

Committees of the Board:

The performance evaluation of committee's was carried out based on the degree of fulfillment of key responsibilities as outlined by the charter, adequacy of committee composition, effectiveness of meetings, quality of deliberations at the meetings and information provided to the Committees.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The Board of Directors deliberated on the outcome and agreed to take necessary steps going forward.

Performance evaluation for Managing Director or Whole-time Director

The Nomination & Remuneration Committee evaluates the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee ensures that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the

Report on Corporate Governance (Continued)

meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of Membership	Meeting date(s)	
		29 th October, 2018	27 th March, 2019
Mahendra Shah	Chairman	✓	✓
Mahendra Choksi	Member	✓	✓
K. B. S. Anand	Member	✓	✗
Amrita Vakil	Member	✓	✓

✓ Present ✗ Absent

Mr. Jayesh Merchant acts as Secretary to the Committee.

Mr. R. Seshasayee was appointed as the Chairman of the Committee w.e.f. 1st April, 2019 in place of Mr. Mahendra Shah who retired from directorship of the Company on 31st March, 2019. Mr. Jigish Choksi was also appointed as a member of the Committee w.e.f. 1st April, 2019. Mr. Mahendra Choksi ceased to be director of the Company on 31st March, 2019 and thus ceased to be member of the Committee.

Mr. R. J. Jeyamurugan, Vice President-Finance, is the Compliance Officer in accordance with Regulation 6 of Listing Regulations. Mr. Jeyamurugan is a qualified Company Secretary & Chartered Accountant and reports to Mr. Jayesh Merchant, CFO & Company Secretary of the Company.

Details relating to the number of complaints received and redressed during the financial year 2018-19 as on 31st March, 2019 are as under:

Nature of Complaints	Number of complaints received	Number of complaints redressed	Number of pending complaints
Non-Receipt of Dividend	9	9	NIL
Non-Receipt of Annual Report	1	1	NIL
Dematerialization of securities	6	6	NIL
Others	11	10	1
Total	27	26	1

Note:

Nature of complaints in the category "Others" include transfer of shares, non-receipt of bonus shares, transmission of shares, change in signatures, loss of shares and non-receipt of shares after split, etc.

Corporate Social Responsibility (CSR) Committee

The CSR Committee met 5 (five) times during the financial year 2018-19. The composition of the CSR Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of Membership	Meeting date(s)				
		25 th June, 2018	26 th July, 2018	29 th October, 2018	22 nd February, 2019	26 th March, 2019
Malav Dani	Chairman	✓	✓	✓	✓	✓
Mahendra Choksi	Member	✓	✓	✓	✓	✓
K. B. S. Anand	Member	✓	✓	✓	✓	✗
Vibha Paul Rishi	Member	✓	✓	✓	✓	✓
S. Ramadorai	Member	📺	✓	✓	✓	✓

✓ Present ✗ Absent 📺 Present through video conferencing

Mr. Jayesh Merchant acts as secretary to the Committee.

The Committee met twice during the financial year 2018-19 to discuss and deliberate on several matters.

The terms of reference of the Stakeholders Relationship Committee, as approved by the Board and amended from time to time, includes the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee also reviews matters relating to unclaimed equity shares and dividend transferred to Investor Education and Protection Fund (IEPF) pursuant to the IEPF Rules.

Mr. Mahendra Choksi and Mr. S Ramadorai ceased to be members of the CSR Committee w.e.f. 31st March, 2019 and Ms. Amrita Vakil was appointed as a member of the Committee w.e.f. 1st April, 2019.

The meetings of the CSR Committee are also attended by members of the CSR Council of the Company as invitees.

The terms of reference of CSR Committee as approved by the Board and amended from time to time, includes the following:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may determine from time to time.

The details of the CSR initiatives as per the CSR Policy of the Company forms part of the CSR Section in the Annual Report. The CSR Policy of the Company has been uploaded on the Company's website and can be accessed at:

<https://www.asianpaints.com/more/about-us.html>

Shareholders Committee

The composition of the Shareholders Committee of the Company along with the details of the meetings held and attended by the Members of the Committee during the financial year 2018-19 is detailed below:

Name of the Director(s)	Nature of Membership	Meeting details	
		Held	Attended
Ashwin Dani	Chairman	12	12
Late Ashwin Choksi*	Ceased to be a Member	12	2
Abhay Vakil	Member	12	12
K.B.S Anand	Member	12	11
Jayesh Merchant	Member	12	12

*Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018 and thus ceased to be a member of the Committee.

Mr. Jayesh Merchant also acts as a Secretary to the Committee.

With effect from 1st April, 2019:

- Mr. Abhay Vakil was appointed as the Chairman of the Committee in place of Mr. Ashwin Dani who continues to be a member; and
- Mr. Manish Choksi was appointed as a member of the Committee.

The terms of reference of the Shareholders Committee, as approved by the Board and amended from time to time, includes the following:

1. To issue share certificates pursuant to duplicate/remat/renewal requests as and when received by the Company;

2. To approve the register of members as on the record date(s) and/or book closure date(s) for receiving dividends and other corporate benefits;
3. To review correspondence with the shareholders vis-à-vis legal cases and take appropriate decisions in that regard;
4. To authorise affixing of the Common seal of the Company from time to time on any deed or other instrument requiring authentication by or on behalf of the Company, and
5. Such other activities as the Board of Directors may determine from time to time.

Further, the Board of Directors has authorised certain officials of the Company to approve the requests relating to transfer of shares, transmission of shares, dematerialization of shares or requests for deletion of name of the shareholder, etc.

Risk Management Committee

The composition of the Risk Management Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of membership	Date of Risk Management Committee Meetings		
		26 th April, 2018	1 st November, 2018	5 th March, 2019
M. K. Sharma	Chairman	✓	✓	✓
Dr. S Sivaram	Member	✓	✓	✓
K. B. S. Anand	Member	✓	✓	✓
Amit Syngle	Member	✓	✓	✓
Amit Kumar Baveja	Member	✓	✓	✓

✓ Present

Mr. Jayesh Merchant acts as secretary to the Committee

Mrs. Pallavi Shroff was appointed as the Member of the Committee w.e.f. 1st April, 2019 in place of Mr. M. K. Sharma who ceased to be Chairman & Member of the Committee on 31st March, 2019. Dr. S. Sivaram was appointed as the Chairman of the Committee w.e.f. 1st April, 2019.

The Risk Management Committee formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management.

The terms of reference of the Risk Management Committee, as approved by the Board and amended from time to time, includes the following:

1. framing a risk management policy;
2. identify Company's risk appetite set for various elements of risk;
3. review the risk management practices and structures and recommend changes to ensure their adequacy including but not limited to cyber security and related risks;

Report on Corporate Governance (Continued)

4. approve and review the risk treatment plans put in place by management; and
5. ensure adequacy of risk management practices in the Company.

The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/business risks and operational risks respectively.

C. Management:

The management structure of the Company consists of the Executive Council ("EC") and Operating Council ("OC"). The Managing Director & CEO is part of the EC. The EC members report to the Managing Director & CEO and head different business functions of the organization such as Sales & Marketing, International Business, Industrial Business, Home Improvement Business, Information Technology, Research & Technology, Finance and Human Resources. The OC consists of heads of functions/businesses within the Company who lead the identified strategic initiatives and report to the EC members. The members

General Body Meetings

Details of last three AGM and the summary of Special Resolutions passed therein, if any, are as under:

Financial year(s)	Date	Time	Location	No. of Special resolutions set out at the AGM
2017-18	26 th June, 2018		Yashwantrao Chavan Pratisthan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai- 400 021	
2016-17	27 th June, 2017	11.00 a.m.	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020	Nil
2015-16	28 th June, 2016		Yashwantrao Chavan Pratisthan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai- 400 021	

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

During the year under review, approval of shareholders of the Company was sought through Postal Ballot and details of the same are given below:

Date of Postal Ballot Notice: 21st December, 2018

Voting period: 27th January, 2019 to 25th February, 2019

Date of declaration of result: 26th February, 2019

Date of passing of resolution(s): 25th February, 2019

A summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Ordinary Resolution for appointment of Mr. Manish Choksi as a Non-Executive Director of the Company	99.61	0.39
Special Resolution for continuation of Directorship by Mr. Ashwin Dani as Non-Executive Director of the Company, liable to retire by rotation	99.61	0.39

of the OC discuss and deliberate on the day to day operating efficiency and lead important initiatives like cost efficiency, customer centricity, capability building, etc.

The Nomination & Remuneration Committee based on feedback received from the Managing Director & CEO, reviews the remuneration paid to Senior Management and makes necessary recommendations to the Board. The Committee also reviews the succession planning of Senior Management.

The Board interacts with the Managing Director & CEO, Chief Operating Officer, Company Secretary, Compliance Officer and other members of the Senior Management periodically.

CEO/CFO Certification

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2018-19 signed by Mr. K.B.S. Anand, Managing Director & CEO and Mr. Jayesh Merchant, CFO & Company Secretary, President- Industrial JVs, was placed before the Board of Directors of the Company at their meeting held on 9th May, 2019 and is annexed to this Report.

Compliance Certificate on Corporate Governance

As required by Schedule V of the Listing Regulations, the Auditors Certificate on Corporate Governance is annexed to this Report.

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Special Resolution for re-appointment of Dr. S. Sivaram as an Independent Director of the Company to hold office for a second term from 1 st April, 2019 to 30 th September, 2021	97.45	2.55
Special resolution for re-appointment of Mr. M. K. Sharma as an Independent Director of the Company to hold office for a second term from 1 st April, 2019 to 31 st March, 2022	98.55	1.45
Special resolution for re-appointment of Mr. Deepak Satwalekar as an Independent Director of the Company to hold office for a second term from 1 st April, 2019 to 30 th September, 2023	96.31	3.69
Special resolution for re-appointment of Mrs. Vibha Paul Rishi as an Independent Director of the Company to hold office for a second term from 1 st April, 2019 to 31 st March, 2024	99.71	0.29
Ordinary resolution for appointment of Mr. Suresh Narayanan as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years from 1 st April, 2019 to 31 st March, 2024	99.77	0.23
Ordinary resolution for appointment of Mrs. Pallavi Shroff as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years from 1 st April, 2019 to 31 st March, 2024	99.89	0.11

Mr. Makarand M Joshi, Partner of M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National Securities Depository Limited (“NSDL”) for the purpose of providing e-voting facility to all its members. The members had an option to vote either by postal ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut – off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants/Company’s Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman of the Company. The results were displayed on the website of the Company (www.asianpaints.com), besides being communicated to the Stock Exchanges and e-voting website of NSDL.

Other Disclosures

1. The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations.

2. Related Party Transactions

All transaction entered into by the Company with related parties, during the financial year 2018-19, were in ordinary course of business and on arm’s length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the Related Party Transactions undertaken by the Company were in compliance with the provisions set out in the Companies Act, 2013 read with the Rules issued thereunder and relevant provisions of Listing Regulations.

The Company follows a documented framework for identifying, entering into and monitoring the related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee, during the financial year 2018-19, has approved Related Party Transactions along with granting omnibus approval in line with the Policy of dealing with and materiality of Related Party Transactions and the applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The related party transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee is reviewed at least on a quarterly basis by the said Committee.

Report on Corporate Governance (Continued)

During the year under review, the Board of Directors suitably amended the Policy on dealing with and materiality of Related Party Transactions to:

- include clear threshold limits for transactions with related parties, duly approved by the board of directors;
- review by the Board of Directors at least once every three years of the Policy and the thresholds determined; and
- such other changes as were deemed necessary to bring it in line with recent amendments to Listing Regulations and Companies Act, 2013.

The policy on dealing with and materiality of Related Party Transactions has been placed on the Company's website and can be accessed at the following link:

<https://www.asianpaints.com/more/investors/policies-programs.html>

There are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the Company at large.

The details of remuneration paid to the employees of the Company, who are relatives of directors, as on 31st March, 2019 are as under:

Name of the employee(s)	Nature of relationship with Director(s)	Remuneration (₹)
Manish Choksi*	Relative of Mahendra Choksi	2,79,73,839.08
Varun Vakil	Relative of Amrita Vakil	44,88,457.47

* The remuneration drawn by Mr. Manish Choksi is in his erstwhile capacity as President – International, IT, HR & Chemicals upto 21st October, 2018. It includes the long-term incentive paid to him as per the policy of the Company. Thereafter, he was appointed as a Non-Executive Director of the Company w.e.f. 22nd October, 2018, to fill the casual vacancy caused by the sad demise of Mr. Ashwin Choksi. Details of remuneration of Mr. Manish Choksi as a Non-Executive Director of the Company, have been disclosed separately in this Report.

In terms, of Section 177 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment and remuneration payable to the aforesaid is approved by the Audit Committee and noted by the Board of Directors of the Company and are at arm's length and in ordinary course of business of the Company.

3. Vigil Mechanism and Whistle Blower Policy:

The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and Business Associates to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/ Employees and Business Associates who avail of the mechanism.

In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director & CEO, the Compliance Officer and the Company Secretary and the Vice President – Human Resources for receiving and investigating all complaints and Protected Disclosures under this policy. Employees of the Company or business associates can make Protected Disclosures to the Ethics Committee through the Asian Paints Ethics Hotline (toll free number/web reporting facility) and/or any other written or oral means of communication. The Employees/Directors and Business Associates may, in exceptional cases, approach directly the Chairperson of the Audit Committee of the Board of Directors of the Company for registering complaints.

During the year under review, the Policy was suitably amended to include reporting of instances relating to leak of Unpublished Price Sensitive Information (UPLSI).

No personnel were denied access to the Audit Committee of the Company with regards to the above.

- In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.
- The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets. There were no penalties imposed or strictures passed against the Company by SEBI, stock exchange(s) on which the shares of the Company are listed or any statutory authority in this regard, during the last 3 (three) years.

6. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Non-Mandatory Requirements

- The Non-Executive Chairman of the Company has been provided a Chairman's Office at the Registered Office of the Company.
- Half-yearly financial results of the Company including summary of the significant events for the period ended 30th September, are sent to all shareholders of the Company. The Company makes presentations to Institutional Investors and Equity Analysts on the Company's performance on a periodic basis which are also available on the website of the Company.
- During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

- (iv) The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.
- (v) The Chief Internal Auditor reports to the Managing Director & CEO and has direct access to the Audit Committee. He participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.

7. **Subsidiary Companies:**

The Company does not have any material non-listed Indian subsidiary company in terms of Regulation 16 of the Listing Regulations. Synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company on periodical basis. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of the Company.

The Management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

During the year under review, the Policy for determining material subsidiaries was suitably modified to bring it in line with the recent amendments to Listing Regulations.

The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's website at the following link:

<https://www.asianpaints.com/more/investors/policies-programs.html>

8. **Website**

The Company ensures dissemination of applicable information under Regulation 46(2) of the Listing Regulations on the Company's website (www.asianpaints.com). A separate section on 'Investors' on the website contains details relating to the financial results declared by the Company, annual reports, presentations made by the Company to investors, press releases, shareholding patterns and such other material information which is relevant to shareholders.

9. **Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations**

The Company has not raised funds through preferential allotment or qualified institutional placement.

10. **Secretarial Compliance Report**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations

and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of Dr. K R Chandratre (CP No. 5144), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification.

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed as Annexure [C-2] to the Board's Report forming part of this Annual Report.

11. **Certificate from Practicing Company Secretary**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Ms. Kumudini Bhalerao (CP No. 6690), Partner of M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 9th May, 2019.

12. **Recommendations of Committees of the Board**

There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

13. **Total fees paid to Statutory Auditors of the Company**

Total fees of ₹ 3,67,28,613 (Rupees Three Crore Sixty Seven Lakh Twenty Eight Thousand Six Hundred and Thirteen) for financial year 2018-19, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

14. **Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

- a. Number of complaints filed during the financial year: 3
- b. Number of complaints disposed of during the financial year: 3
- c. Number of complaints pending as on end of the financial year: NIL

15. **Code of Conduct:**

The Company has adopted a Code of Conduct for all employees including the members of the Board and Senior

Report on Corporate Governance (Continued)

Management Personnel. All members of the Board and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the financial year 2018-19. The declaration to this effect signed by Mr. K.B.S. Anand, Managing Director & CEO of the Company forms part of this Report.

16. Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, *inter alia*, required to amend/formulate the following:

- Code of Conduct to Regulate, Monitor and Report trading by Designated Persons
- Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'
- Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPLSI)
- Whistle Blower Policy to enable reporting in case of leak of UPLSI

The Board of Director at their meeting held on 29th March, 2019, approved formulation/amendments to the aforesaid.

The declarations and disclosures to be received from the designated persons (except Directors, Promoter(s) and Promoter(s) group) are automated. The Company has a portal under which disclosure/ declarations/ undertakings are given by designated persons as required under Insider Trading Code.

The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations w.r.t. action taken against such defaulters. The said non – compliances are promptly intimated to SEBI.

The Code of Conduct to Regulate, Monitor and Report trading by Designated Persons, Code of Fair Disclosure & Conduct and Whistle Blower Policy have been uploaded on website of the Company and can be accessed through the following link:

<https://www.asianpaints.com/more/investors/policies-programs.html>

- None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

Means of Communication

The Company promptly discloses information on material corporate developments and other events as required under Listing Regulations. Such timely disclosures are an indicator of the Company's good corporate governance practices.

a. Publication of quarterly results (₹)

Quarterly, half-yearly and annual financial results of the Company are published in leading English and Marathi language newspaper, viz., all India editions of Business Standard and Maharashtra edition of Punyanagari and Mumbai editions of Free Press Journal and Navshakti newspapers.

b. Website and News Releases (📄)

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies 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 (www.asianpaints.com).

c. Stock Exchange (📈)

The Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

d. NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre (📄)

NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.

e. Reminders to Investors (✉)

Reminders are sent to shareholders for registering their email ids, claiming returned undelivered share certificates, unclaimed dividend and transfer of shares thereto.