



Corporate Identification Number (CIN): L24220MH1945PLC004598
For Shares related queries, email to investor_relations@asianpaints.com
For Consumer queries/complaints/Dealership enquiries,
email to customercare@asianpaints.com
For HR related queries, email to careers@asianpaints.com
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Insert Date [●]

To,
[●]
Name of the Independent Director
[●] Address of the Director

Sub: **Appointment as an Independent Director of the Company**

Dear Sir/Madam,

We thank you for sending us the confirmation that you meet the "independence criteria" as provided under Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended vide circular issued by Securities and Exchange Board of India ref no. CIR/CFD/POLICY CELL/ 2/ 2014 dated April 17, 2014 and also for consenting to hold office as an Independent Director of the Company.

It gives me great pleasure to inform you that your appointment as an Independent Director on the Board of Directors of the Company, as recommended by the Board of Directors, has been approved by the shareholders at the [●] of the Company held on [●]. This letter is being issued outlining the terms of your appointment, subject to the provisions of applicable laws including the provisions of the Companies Act, 2013 and the Listing Agreement.

1. Appointment:

Your appointment as an Independent Director on the Board of the Company shall be up to 5 (five) consecutive years up to [●]. Your office shall not be liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.

Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Board and shareholders of the Company.

The Board may from time to time request you to participate in one or more Committees of the Board of Directors, subject to your agreement. The list of Committees of the Board and their terms of reference is appended and marked as **Annexure I** for your reference.

2. Role & Duties:

The Company expects its Directors to uphold ethical standards of integrity and probity. As an Independent Director, you shall be required to undertake such roles, responsibilities, duties & functions as prescribed in Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, Clause 49 of the Listing Agreement, other applicable laws and such other duties as may be determined by the Board from time to time.

As an Independent Director of the Company you shall be required to bestow all the fiduciary duties along with the accompanying liabilities that come with your appointment as an Independent Director.

A copy of Code for Independent Directors as per Section 149(7) along with relevant extracts of the Companies Act, 2013 is enclosed and marked as **Annexure II** for your reference.

3. Directors and Officers insurance:

The Company has availed a Directors and Officers Liability and Company Reimbursement Insurance Policy which extends to the Company, its Directors and subsidiaries/ Joint Venture's including representatives of the Company on their Board. The said Policy shall be extended to you from the date of your appointment.

4. Code of Conduct:

The following Codes of Business ethics are applicable to the Independent Directors:

- a. Code of Conduct for Prevention of Insider Trading;
- b. Code of Conduct for Directors and Senior Management Personnel; and
- c. such other codes as may be prescribed, subject to the approval of the Board, from time to time.

A copy of the aforementioned Codes are appended and marked as **Annexure III** for your reference.

An Independent Director shall not perform any actions which are in violation of the provisions of Companies Act, 2013, The Securities and Exchange Board of India, Act, 1996, the Listing Agreement, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company's Code of Conduct for Prevention of Insider Trading, Code of Conduct for Directors and Senior Management Personnel, Whistle Blower Policy and such other enactments as may be applicable to the Company and to its Directors.

With the acceptance of this letter you agree to comply with such charters and policies, as may be applicable to the Company and its Directors and acknowledge that you are in conformity with them.

5. Remuneration:

A Non-Executive Director shall be entitled to remuneration by way of commission paid annually and sitting fees for attending meetings of the Board and its Committees in accordance with the provisions of the Act.

Board Sitting Fees:

The sitting fees payable for your attendance at each Board Meeting and meeting of the Committee, in which you may be nominated as a member, shall be as determined by the Board from time to time.

Commission:

As per the provisions of Section 197(1)(ii) of the Companies Act, 2013 the remuneration payable to the non-executive directors shall not exceed 1% of the net profit of the Company

calculated under Section 198 of the Companies Act, 2013 read with Companies (Appointment and Remuneration) Rules, 2014.

The commission, as approved by the Board, in accordance with the provisions of Section 197 of the Companies Act, 2013 shall be paid annually for each financial year, on such criteria as may be determined by the Board.

In addition, you will also be paid /reimbursed all travel (by business class) and hospitality expenses related to your assignment as a Member of the Board or its Committees.

6. Disclosures:

During the term of your term you may promptly notify the Company, any changes in your directorships and submit such disclosures, information and details as may be required under applicable law. During your tenure, you agree to provide a "Declaration of independence" under Section 149(7) of the Companies Act, 2013, upon any change in circumstances which may affect your status as an Independent Director of the Company.

7. Confidentiality:

All non-public information obtained during your appointment is confidential to the Company and should not be released, either during your appointment or following cessation (by whatever means) to third parties without prior clearance from the Chairman, or as required by law.

8. Resignation/ Removal:

Notwithstanding the other provisions of this letter, your appointment may be terminated at any time by the Board in accordance the provisions of Companies Act, 2013 and Articles of Association of the Company or that you may resign by written notice.

I look forward to welcoming you on the Board. I am sure that the Board and the Company will benefit substantially from your valuable contribution and inputs.

9. Change in Personal details:

During the term, you shall promptly intimate the Company Secretary in the prescribed manner of any change in the address or other contact and personal details provided to the Company.

Yours sincerely,

Sd/-

Name: **Ashwin Choksi**

Designation: **Chairman**

Encl: a/a

ANNEXURE-I

List of Committees of the Board of Directors of the Company:-

Sr No	Name of the Committee
1	Audit Committee
2	Nomination and Remuneration Committee
3	Corporate Social Responsibility Committee
4	Stakeholders Relationship and Investors Grievance Committee
5	Shareholders Committee

1) AUDIT COMMITTEE

Terms of reference:-

The role of the Audit Committee, interalia, 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. Qualifications in the draft audit report, if any.
5. Reviewing the financial statements of unlisted subsidiary companies (including joint ventures) and investments made by the 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. Discussion with the internal auditors on internal audit reports relating to internal control weaknesses and any other significant findings and follow-up thereon.
 17. 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.
 18. 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.
 19. Approval or an subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related party's to an office or place of profit in the Company, its subsidiary company or associate company.

20. Reviewing the statements of significant related party transactions submitted by the management.
21. Reviewing and Scrutinizing the inter-corporate loans and investments;
22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same.
23. 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.
24. Approving the auditors (appointed under the Companies Act 2013) to render any service other than consulting and specialised services.
25. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company.
26. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval.
27. Appointing registered valuers and defining the terms and conditions for conducting the valuation of assets/net-worth/liabilities of the Company. Reviewing the valuation report and follow-up thereon.
28. 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
29. 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.
30. Review and approve, policy formulated for determination of material subsidiaries.
31. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions.
32. Any other matter referred to by the Board of Directors.

2) NOMINATION AND REMUNERATION COMMITTEE:

Terms of reference:

The Committee's terms of reference includes

1. identifying 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;
2. carry on the evaluation of every director's performance;
3. formulation of the criteria for determining qualifications, positive attributes and independence of a director;
4. recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
5. formulation of criteria for evaluation of Independent Directors and the Board;
6. devising a policy on Board diversity; and
7. any other matter as the Board may decide from time to time.

3) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Terms of reference:

The Committee's terms of reference includes

1. formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
2. recommend the amount of expenditure to be incurred on the activities referred to above;
3. monitor the CSR Policy of the Company from time to time;
4. prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes / activities proposed to be undertaken by the Company; and
5. such other activities as the Board of Directors may determine from time to time.

4) STAKEHOLDERS RELATIONSHIP AND INVESTORS GRIEVANCE COMMITTEE:

Terms of reference:

The Committee's terms of reference includes enquiring into and redress complaints of shareholders and investors and to resolve the grievance of security holders of the Company.

5) SHAREHOLDERS' COMMITTEE:

Terms of reference:

The terms of reference for the Shareholders Committee as on 31st March, 2014 were as follows:

1. To issue duplicate share certificates as and when the requests are 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; and
3. To review correspondence with the shareholders vis-à-vis legal cases and take appropriate decisions in that regard.

ANNEXURE-II

CHAPTER XI - APPOINTMENT AND QUALIFICATIONS OF DIRECTORS

Section 149 of the Companies Act, 2013 - Company to have Board of Directors.

- (1) Every company shall have a Board of Directors consisting of individuals as directors and shall have—
- (a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and
 - (b) a maximum of fifteen directors:

Provided that a company may appoint more than fifteen directors after passing a special resolution:

Provided further that such class or classes of companies as may be prescribed, shall have at least one woman director.

- (2) Every company existing on or before the date of commencement of this Act shall within one year from such commencement comply with the requirements of the provisions of sub-section (1).

- (3) Every company shall have at least one director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.

- (4) Every listed public company shall have at least one-third of the total number of directors as independent directors and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.

Explanation.—For the purposes of this sub-section, any fraction contained in such one-third number shall be rounded off as one.

- (5) Every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable, comply with the requirements of the provisions of sub-section (4).

- (6) An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be

prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(f) who possesses such other qualifications as may be prescribed.

(7) Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section (6).

Explanation.—For the purposes of this section, “nominee director” means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.

(8) The company and independent directors shall abide by the provisions specified in Schedule IV.

(9) Notwithstanding anything contained in any other provision of this Act, but subject to the provisions of sections 197 and 198, an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

(10) Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

(11) Notwithstanding anything contained in sub-section (10), no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:

Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

Explanation.—For the purposes of sub-sections (10) and (11), any tenure of an independent director on the date of commencement of this Act shall not be counted as a term under those sub-sections.

(12) Notwithstanding anything contained in this Act,—

(i) an independent director;

(ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

(13) The provisions of sub-sections (6) and (7) of section 152 in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

CHAPTER XI - APPOINTMENT AND QUALIFICATIONS OF DIRECTORS

Section 166 of the Companies Act, 2013 - Duties of directors.

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

(2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

(3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

(5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

(6) A director of a company shall not assign his office and any assignment so made shall be void.

(7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

SCHEDULE IV

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;

-
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

ANNEXURE-III

ASIAN PAINTS LIMITED

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

1. INTRODUCTION

Asian Paints Limited (the Company) is committed to good corporate governance and has consistently maintained its organisational culture as a remarkable confluence of high standards of Professionalism, Fast Track Growth, Building Shareholder Equity with principles of Fair Play, Ethics and Corporate Governance in spirit.

2. APPLICABILITY OF THIS CODE

In view of the revised clause 49 (relating to corporate Governance) in the Listing agreement with the Stock Exchange, Mumbai, by SEBI circular SEBI/CRD/DIL/CG/1/2004/12/10 dated 29th October 2004 and as per sub-clause I(D) of the said clause it is imperative now to formally lay down a Code of Conduct for all Directors and Senior Management Personnel (SMP) (This would comprise all members of management up to M2 grade) of the Company.

Ethical business conduct is critical to our business. Members of the Board and SMP are therefore expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with: all applicable laws; rules and regulations; and all applicable policies and procedures adopted by the Company that govern the conduct of its employees and to ensure that the various stakeholders of the Company are aware, understand and comply with these standards.

Nothing in this Code or in any related communications (verbal or written) thereto shall constitute or be construed to constitute a contract of employment for a definite term or a guarantee of confirmed employment.

You are requested to sign the acknowledgement form at the end of this Code and to return the form to the Vice President - Human Resources indicating that you have received, read, understand and agree to comply with this Code. The signed acknowledgement form will be located in your personnel file. As per Clause 49(1)(D)(ii) of the listing agreement entered into by the Company with the stock exchanges, every director and senior management personnel shall affirm compliance with the code on an annual basis.

3. HONEST AND ETHICAL CONDUCT

The Company expects all Board Members and SMP to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, whenever the Company's business is being conducted or at any place where such Board Members and SMP are representing the Company.

The Company considers honest conduct to be conduct that is free from fraud or deception. The Company considers ethical conduct to be conduct conforming to the accepted professional standards of conduct. Ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

4. RELATIONSHIP WITH THE COMPANY

Conflicts of Interest

The Board Members and SMP of the Company shall not generally engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company or any of its subsidiary.

The main areas of actual or potential conflicts of interest would include the following:

- Financial interest of a Board Member and SMP or his relatives, including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Company. *(The ownership of up to 1 per cent of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)*
- A Board Member and SMP of the Company conducting business on behalf of his or her company, or being in a position to influence a decision with regard to his or her company's business with a supplier or customer of which his or her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative. However, the Board is to decide whether there is a conflict.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested Board Members and SMP should be made to the Board of Directors of the Company. It is also incumbent upon every Board Member and SMP to make a full disclosure of any interest which the Board Members and SMP or his/her immediate family relatives, (which would include parents, spouse and dependent children) may have in a company or firm which is a supplier, customer, distributor or has other business dealings with the Company. A list shall be circulated on a half-yearly basis.

Every such disclosure as mentioned above shall be done in writing and shall be placed before the Board and, upon a decision being taken in the matter, the Board Members and SMP concerned will be required to take necessary action as advised to resolve/avoid the conflict, if any.

A Board Member and SMP's duty to the Company demands that he or she generally avoids and discloses actual and apparent conflicts of interest.

It is a conflict of interest to serve as a director of any Company that competes with the Company. The Company's policy requires that a Board Member and SMP obtain prior approval from the Board of Directors and the Company's Audit Committee before accepting such a directorship.

Receiving and making Gifts:

A Board Member and SMP (including his/her immediate family member) shall not accept a gift of any nature from any supplier, vendor, dealer, contractor, customer, competitor or any business associate.

This prohibition does not apply to routine two way exchange of normal business courtesies, which might reasonably be expected to be exchanged in the ordinary course of business.

These courtesies include business lunch/dinner and exchange of company diaries and calendars, pens with company logo and the like that are not lavish in any way.

If a gift is inadvertently received it should be promptly returned with a polite note explaining that it is contrary to the Company policy. (A circular on policy regarding gifts has already been issued to all employees by HR). A Board Member and SMP shall conform to the gift policy of the Company.

Corporate Opportunities:

The Board Members and SMPs may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board declines to pursue such opportunity.

Other Situations:

It would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts they must be resolved after consultation with the Company's Board of Directors and Audit Committee.

5. HEALTH, SAFETY AND ENVIRONMENT

The Company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Company shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

Company policy prohibits sexual harassment, harassment based on race, religion, national origin, ethnic origin, color, gender, age, citizenship, veteran status marital status or a disability unrelated to the requirements of the position or any other basis protected by the central, state or local law or ordinance or regulation. If you believe that you have been harassed, submit a complaint to your own or any other company manager. In addition, if you believe you have been sexually harassed, you may submit a complaint to the Vice President - Human Resources.

6. ACCOUNTING AND PAYMENT PRACTICES

All transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. All required information shall be accessible to the company's auditors and other authorized persons and government agencies. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. There shall be no willful omissions of any company transactions from the books and records. Any willful material misrepresentation of and/or misinformation of the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws. Additionally, all documentation supporting a

transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.

7. MAINTAINING AND MANAGING RECORDS

The purpose of this section is to set forth and convey the Company's business and legal requirements in managing records, including all recorded information regardless of medium or characteristics. These records include paper documents, CDs, computer hard. disks, email, floppy disks, microfiche, microfilm or all other media. The Company is required by local, state, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records.

Company records:

The results of operations and the financial position of the Company must be recorded in accordance with the requirements of law and generally accepted accounting principles. It is Company policy, as well as a requirement of law, to maintain books, records and accounts that in reasonable detail accurately and fairly reflect the business transactions and disposition of assets of the Company.

The integrity of the Company's accounting and financial records is based on the accuracy and completeness of the basic information supporting entries to the Company's books of accounts. The Board Members and SMP involved in creating, processing and recording such information are held responsible for its integrity. Every accounting or financial entry should reflect exactly what is described by the supporting information.

There must be no concealment of information from (or by) management, or from the Company's internal or independent auditors. No payment on behalf of the Company shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

No false or misleading entries may be made in any books or records of the Company for any reason, and no fund, asset or account of the Company may be established, acquired or maintained for any purpose unless such fund, asset or account is properly reflected in the books and records of the Company. No corporate funds or assets should be used for any unlawful or improper purpose.

Revenue and expenses should be properly recognized on a timely basis. Assets and liabilities should be properly recorded and appropriately valued.

8. PROTECTING COMPANY'S ASSETS AND CONFIDENTIAL INFORMATION

Protecting company assets:

The assets of the company should not be misused but employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as patents, trademarks, proprietary information, relationships with customers and suppliers, etc.

Confidential Information:

The Company's confidential information is a valuable asset. The Company's confidential information including product architectures; source codes; product plans and road maps; names and lists of customers, dealers, and employees; and financial information. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Company's business purposes only. Every Board Member and SMP must safeguard it.

This responsibility includes not disclosing the Company confidential information such as information regarding the Company's services or business over the Internet. The Board Members and SMPs are also responsible for properly labeling any and all documentation shared with or correspondence sent to outside counsel as "Attorney- Client Privileged". This obligation extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements.

Obligations of the Board Members and SMPs with respect to Company Confidential Information are:

- Not to disclose this information to persons outside of the Company without prior approval of the Chairman/Board. Not to use this information for the Board Member and SMP's own benefit or the benefit of persons outside of Company.
- Not to disclose this information to other Company employees except on a "need to know" or "need to use" basis and then only with a strong statement that the information is confidential.
- Company confidential information is not always of a technical nature. Such information can also include business research, new product plans, strategic objectives, any unpublished financial or pricing information, employee, customer and vendor lists and information regarding customer requirements, preferences, business habits and plans. This list, while not complete, suggests the wide variety of information that needs to be safeguarded.
- If any Board Member and SMP leaves Company, his or her obligation to protect Company confidential information continues until the information becomes publicly available.
- A Board Member and SMP should not disclose the Company's confidential information to anyone or use it to benefit anyone other than the Company without the prior written consent of the Board of Directors.
- A Board Member and SMP shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the Company on which such insider information has been obtained.

Such insider information might include the following:

- acquisition and divestiture of businesses or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;

- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements’
- raising finances.

9. DISCLOSURE TO THE STOCK EXCHANGES AND PUBLIC

It is the Company’s policy to provide full, fair, accurate, timely and understandable disclosure in reports and documents that are to be filed with or submitted to, the stock exchanges where the Company’s shares are listed, statutory authorities and in our other public communications. Accordingly, Board Member and SMP must ensure the compliance with such disclosure controls and procedures. All Board Members and SMP must also respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose.

10. RESPONDING TO INQUIRIES FROM THE PRESS AND OTHERS

The requests for financial or business information about Company from the media, press, financial community, the Securities and Exchange Board of India or other regulators or the public must be referred to the Vice President -Corporate Finance & Company Secretary.

11. COMPLIANCE WITH GOVERNMENT LAWS, RULES AND REGULATIONS

The Board Members and SMP must comply with all applicable governmental laws, rules and regulations. The Board Members and SMP must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers, and to know when to seek advice from the finance department. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

12. SHAREHOLDERS

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The board of directors of the Company shall duly and fairly inform its shareholders about all relevant aspects of the company's business, and disclose such information in accordance with the respective regulations and agreements.

13. VIOLATIONS OF THE CODE

It is a part of the Board Members and SMP job, and his/her ethical responsibility to help enforce this Code. The Board Members and SMP should be alert to possible violations and report this to the Vice President – Corporate Finance & Company Secretary or the Vice President – Human Resources. The Board Members and SMP should cooperate in any internal or external investigations of possible violations.

Actual violations of law, this code, or other Company policies or procedures, should be promptly reported to the Vice President - Corporate Finance & Company Secretary or the

Vice President – Human Resources. The Company will take appropriate action against those whose actions are found to violate the Code or any other policy of the Company.

14. WAIVERS AND AMENDMENTS TO THE CODE

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Company's board of directors and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment or waiver.

ACKNOWLEDGMENT

I have received and read the Company's Code of Conduct and Ethics for Board of Directors and Senior Management Personnel (SMP).

I understand and agree to comply with the standards and policies contained in the above mentioned Code of Conduct and understand that there may be additional policies or laws specific to my job.

Name of the Director / SMP	
Employee Code	
Designation	
Location	
Reporting to	
Signature	
Date	

Please sign and return this form to the Vice President - Human Resources

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

ASIAN PAINTS LIMITED

CODE OF CONDUCT

FOR

PREVENTION OF INSIDER TRADING

(Amended and approved by the Board of Directors at their Meeting held on 7th November, 2011)

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

SCOPE AND APPLICABILITY:

1. This Code of Conduct is called **“ASIAN PAINTS LIMITED – CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING”** (hereinafter referred to as ‘the Code of Conduct’).
2. The Code of Conduct will come into force with effect from 30th November, 2011.
3. The Code of Conduct will apply to the following who are collectively referred to as “Insiders” in this Code:
 - a. all the Directors of the Company;
 - b. Relatives of the Directors of the Company;
 - c. The Designated Employees of the Company;
 - d. Dependents of a and c above;
 - e. all persons who are named as promoters or part of promoter group in the shareholding pattern filed by the company with the Stock Exchanges under Clause 35 of the Listing Agreement as may be modified from time to time;
 - f. any other person who has an access to Price Sensitive Information , directly or indirectly

‘Relatives’ will mean and include relatives as defined under Section 6 of the Companies Act, 1956.”

OBJECTIVE:

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, have been amended from time to time (below referred to as the 'Regulations') in terms of which a Company is required to frame a Code of Conduct for Prevention of Insider Trading by its Employees, including the Directors, in relation to the securities of the Company. The objective of the Code of Conduct on Insider Trading is to ensure protection of Unpublished Price-Sensitive Information and to ensure that the insiders and those covered by the Code of Conduct, who are or are deemed to be in possession of such information, abstain from transacting in the securities of the Company before the same has been communicated in public.

The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

DEFINITIONS:

- a. "Act" means the Securities Exchange Board of India Act, 1992.
- b. "Company" means Asian Paints Limited
- c. "Code of Conduct" or "the Code" or "this Code" means the Asian Paints Limited Code of Conduct for prevention of Insider Trading.
- d. "Designated Employees" will mean and include:-
 - a. All employees in the grades M1, M2 and M3;
 - b. All employees of the Finance, Accounts, Audit, Taxation, Legal and Secretarial functions of Corporate Centre, irrespective of their grade.
 - c. All employees in finance functions of respective Business Units.
 - d. Chief Executives and Head of Finance (by whatever name called) of the Joint Venture Companies and subsidiaries.
 - e. Personal assistants of Whole-time Directors and employees referred to at (a) above.
 - f. Any other employees as may be notified by the Compliance Officer in consultation with the Managing Director of the Company from time to time to whom the trading restrictions will be applicable.
- e. "Dealing in Securities" means buying, selling or agreeing to subscribe, sell or deal in any securities either as principal or agent and includes:
 - 1. Exercise of option under any Employee Stock Options Scheme or Employee Stock Purchase Scheme, if any issued by the Company from time to time;
 - 2. Buying or selling of Securities off market or transfer for no consideration or inter-se transfers; and
- f. "Dependents" means spouse, dependent parents, dependent children, and any other person(s) dependent on the Directors / Designated Employees.
- g. "Price Sensitive Information" means any information which relates directly or indirectly to the Company and which in the opinion of the Compliance Officer and the Managing Director, if published is likely to materially affect the price of securities of Company;

The following, among other things, will be treated as price sensitive information: -

- i. periodical financial results of the Company;
- ii. intended declaration of dividends (both interim and final);
- iii. issue of securities or buy-back of securities;

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

- iv. any major expansion plans of existing facilities or plans pertaining to or execution of new projects;
 - v. amalgamation, mergers or takeovers;
 - vi. disposal of the whole or substantial part of the undertaking;
 - vii. any significant changes in policies, plans or operations of the Company;
 - viii. Disruption of operations due to natural calamities;
 - ix. Commencement of any new commercial production or commercial operations where the contribution therefrom is likely to exceed 5% of the total turnover of the Company during that financial year;
 - x. Developments with respect to changes in pricing / realisation on goods and services arising out of changes in government policy;
 - xi. Litigation/dispute with a material impact;
 - xii. Revision of credit ratings assigned to any security of the Company;
-
- h. “Promoter and Promoter Group” means and includes all persons who are named as promoters or part of promoter group in the shareholding pattern filed by the company with the Stock Exchanges under Clause 35 of the Listing Agreement as may be modified from time to time;
 - i. “Quiet Period” means the period during which dealing in the Securities of the Company is not permitted by those governed by this Code.
 - j. “Regulations” means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including any amendment or reenactment thereof
 - k. “Securities” or “Shares” means the equity / preference shares, ADRs, debentures or any other security of the Company which is listed on any Stock Exchange whether in India or overseas and related stock market derivatives.
 - l. “Threshold limit” means the minimum number of securities or the value of securities, as decided by the Board of Directors of the Company from time to time. For the time being 100 equity shares in a financial year, i.e., April 1 of a year to the March 31, will be the threshold limit for the Designated Employees and their dependents. The Threshold limit will not apply to the Directors and their relatives and Promoters.
 - m. “Unpublished” means information which is not published / made public by the Company or its agents and is not specific in nature.

Explanation — Speculative reports / news in print or electronic media will not be considered as published information.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

- n. “Working day” will mean the working day when the regular trading is permitted on the concerned stock exchange(s) where securities of the company are listed.”

Words and expressions used but not defined in these Regulations will have the same meaning as contained in SEBI (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India Act, 1992.

COMPLIANCE OFFICER

1. The Company Secretary shall be the Compliance Officer and he will report to the Managing Director of the Company. In the absence of the Company Secretary, the Board may appoint the General Manager – Accounts & Taxation as the Compliance Officer.
2. The Compliance Officer will maintain an up-to-date record of all Insiders and intimate the obligations under this Code to those who come under its purview due to any changes.
3. The Compliance Officer will specify in consultation with the Chairman/ Managing Director of the Company, the Quiet Period from time to time and immediately make an announcement thereof.
4. The Compliance Officer will be responsible for overseeing and coordinating disclosure of Price-Sensitive Information to Stock Exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure and report to the Chairman /Managing Director.
5. The Compliance Officer will from time to time inform the Stock Exchanges of any price Price-Sensitive Information on immediate basis as required by the Listing Agreement.
6. The Compliance Officer will be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing of Insider’s trades, monitoring of trades and implementation of the Code of Conduct.
7. The Compliance Officer will assist the Insiders in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Company’s Code of Conduct.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

8. All Insiders will be provided a copy of the Code of Conduct by the Compliance Officer, on the Code coming into effect and they will confirm having received it and acknowledge that they undertake to confirm to the stipulations and obligations under the Code of Conduct, in the interest of maintaining highest standards of corporate governance and ethics.
9. Compliance Officer will propose necessary changes to the Code of Conduct of the Company, as and when the same are necessitated. The proposal will be considered by the Board of Directors of the Company and, if approved, will take effect immediately following the Board Meeting in which such proposals are approved.
10. The Compliance Officer shall in consultation with the Board inform SEBI of any material violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

PRESERVATION OF PRICE SENSITIVE INFORMATION

The Insiders must-

- (a) maintain confidentiality of all Unpublished Price Sensitive Information;
- (b) not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company based on the same.
- (c) Price Sensitive Information must be handled on a 'need to know' basis. Such information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of information.
- (d) All Unpublished information directly or indirectly received by any Director/ Designated Employee should be reported to the head of his/her department and the Compliance Officer immediately.
- (e) All files containing confidential information will be kept secure and under lock and key. Computer files will have adequate security of login and passwords.

PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION

1. Every Insider must disclose to the Compliance Officer in the prescribed format notified by the Compliance Officer the details regarding number of shares or voting rights held

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

by such a person within two (2) working days of becoming a Director or a Promoter or a Designated Employee of the Company.

2. All Insiders will be subject to certain trading restrictions as mentioned below:
 - a. The Compliance Officer will, in consultation with the Chairman/ Managing Director, specify from time to time a period, to be called 'Quiet Period' for trading in the Company's securities. During the Quiet Period and when the Price-Sensitive Information is unpublished, the trading in securities will be prohibited.
 - b. The Quiet Period will be opened or trading would in the securities would be permitted, 24 hours after the Price-Sensitive Information is made public.
 - c. All Insiders will conduct all their Dealings in Securities of the Company only in a valid period and will not deal in any transaction involving the purchase or sale of the Company's securities during the Quiet Period or during any other period as may be specified by the Company from time to time.

PRE-CLEARANCE OF TRADES:

All Insiders who intend to deal in the securities of the Company and in case of Designated Employees and their dependents who intend to deal in securities of the Company above the threshold limit fixed as aforesaid, will pre-clear the transactions as per the pre-clearance procedure given below:

- i. Every Insider must make an application in the prescribed form to the Compliance Officer, indicating the estimated number of securities that such person intends to deal in, details of depository and such other information as may be prescribed by the Regulations, as may be amended and modified from time to time. For the Compliance Officer, pre-clearance is required to be taken from the Chief Executive Officer or Managing Director of the Company;
- ii. Every Insider must sign an undertaking in the prescribed form which will have the following details among other things:
 - That he/ she does not have any access to, or has not received, or has not acted on the basis of any Price Sensitive Information upto the time of signing the undertaking.
 - That if the Insider has access to, or receives, any Price Sensitive Information after the signing of the undertaking but before the execution of the transaction he/she will inform the Compliance officer of the change in his position and that

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he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.

- That the Insider has not contravened the Code of Conduct as notified by the Company from time to time.
 - That the Insider has made a full and true disclosure in the matter
- iii. In exceptional circumstances consent may not be given if the Compliance Officer is of the opinion that the proposed deal is on the basis of possession of any unpublished Price Sensitive Information.
- iv. If so requested by the Compliance Officer, an Insider must ensure that his / their stockbrokers are authorised to disclose information to the Compliance Officer in relation to the dealing in the securities of the Company.

OTHER RESTRICTIONS:

1. If the Compliance Officer approves the application made by the Insider, the Compliance Officer will intimate the Insider, of the approval in the format prescribed.
2. All Insiders will execute their order in respect of the securities of the Company within one week from the date of the approval of pre-clearance. The details of the transaction including the total number of shares or voting rights bought or sold or dealt in any manner by the Insider, the date on which the order was executed and other details, will be intimated forthwith, not exceeding two (2) working days from date of the transaction, to the Compliance Officer in the format as may be prescribed by the Regulations and formats prescribed by the Company from time to time.

If the order is not executed within one week from the date of the pre-clearance approval, the Insider must pre-clear the transaction again.
3. All Insiders who buy or sell any number of shares of the Company will not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.
4. An Insider will not take position in derivative transactions in the shares of the Company at any time.

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5. In the case of subscription in the primary market (IPOs), an Insider will hold his/her investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
6. The Compliance Officer may waive the holding period in cases where the sale is necessitated by personal emergency after recording reasons in writing in this regard. An application in this regard will be made to the Compliance Officer.
7. If there is a change in the Company's Securities held by Director and such change exceeds Rs. 5 lakhs in value or 25,000 shares or 1% of the total shares of the Company, whichever is lower, or such other limit as may be prescribed under the Regulations, they will disclose the same within two working days of such change to the Company and to the Stock Exchanges where the Company's securities are listed.

If there is a change in the Company's Securities held by a Promoter and such change exceeds Rs. 5 lakhs in value or 25,000 shares or 1% of the total shares of the Company, whichever is lower, or such other limit as may be prescribed under the Regulations, they will disclose the same within two working days of such change to the Company and to the Stock Exchanges where the Company's securities are listed.

8. All the Directors and Promoters and Designated Employees must make an annual disclosure of the number of Securities held as on 31st March each year by them, their Relatives and their Dependants, respectively, including details of purchase / sale of securities during the financial year to the Compliance Officer. This disclosure must be made within 30 days from the close of each financial year.

DEALINGS BY DEFINED ENTITIES;

- i. During the Quiet Period, an Insider must not deal in securities of the Company.
- ii. Every Director and Designated Employee should advise his/her Relatives and Dependants, respectively, of the following:
 - His / her connection with the Company;
 - The Quiet Period during which they cannot trade in the securities of the Company;
 - Of any other periods during which the Directors, their Relatives, Designated Employees and their dependants and Promoters cannot trade in the securities of the Company and
 - Disclose the details of his/her in the securities of the Company dealings, immediately after dealing.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

REPORTING REQUIREMENTS FOR DEALINGS IN SECURITIES:

Every Insider will adhere to the following reporting requirements in the formats as may be prescribed:

Event	Time Frame	Format of Disclosure
<u>Application for pre-clearance of Trades</u>	Prior approval	Appendix I and II
<u>Letter of Approval:</u> Approval letter from the Compliance Officer for the Trades	Within 2 working days of receipt of application for pre-clearance	Appendix III
<u>Completion of transaction:</u> On completion of the buying, selling or dealing of the securities of the Company after having pre-cleared the transaction by the Compliance Officer	Within 2 working days	Appendix IV
Statement of Initial Disclosure - On joining as/ or becoming a Director, Designated Employee and Promoter	Within 2 working days.	Appendix V
<u>Disclosure to the Company/ Stock Exchange:</u> Any Director or Promoter will disclose to the Company and the Stock Exchange where the securities are listed in Form D (format attached), the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower	Within 2 working days	Appendix VI
<u>Statement of Annual Disclosure</u> - At the end of the financial year	Within 30 days of the end of the financial year.	Appendix VII

The Compliance Officer will maintain records of the declarations in the appropriate forms given by the Directors/Designated Employees for a minimum period of three years.

The Compliance Officer will place before the Managing Director or a Committee specified by the Board, on a monthly basis, all the details of the Dealings in Securities of the Company by the Insiders and the accompanying documents such persons had executed under the pre-dealing procedure as envisaged in this Code.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT:

Any Insider who trades in securities or communicates any information for trading in contravention of this Code will be penalised and the Company will take appropriate action. The quantum of penalty will be decided by the Board on case to case basis, to whom the Managing Director and the Compliance Officer will report such violations.

A Designated Employee of the Company who violates this Code, in addition to the above, will also be subject to disciplinary action by the Company, which may include wage freeze, suspension, etc., as may be decided by the Managing Director.

The action taken by the Company will not preclude SEBI from taking any action in case of violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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LIST OF APPENDICES	
Appendix No.	Particulars
I	Application form for Pre-clearance of Trades in Company's Securities
II	Undertaking to be accompanied with every Pre-clearance Application
III	Draft Letter of Approval from Compliance Officer
IV	Confirmation of date of completion of transaction
V	Statement of initial disclosure of shares held in the Company by a Director / Designated Employee / Promoter
VI	Disclosure to the Company / Stock Exchange
VII	Annual Disclosure of shares held by Director / Designated Employee/ Promoter
VIII	'Relatives' under the Companies Act,1956 – An extract

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - I

APPLICATION FORM FOR PRE-CLEARANCE OF TRADES IN COMPANY'S SECURITIES

The Compliance Officer
Asian Paints Limited,
6A, Shantinagar, Santacruz (East),
Mumbai: 400 055

Dear Sir,

I intend to deal in the securities of the Company as per the particulars furnished below:

Name(s) of the persons for whom the transaction is to be executed	
Relationship with the applicant	
No. of shares covered by the transaction	
Nature of transaction for which approval is sought	Purchase / Sale / Demat / Other
Depository ID No.	
Client ID No.	
Particulars of the broker through whom the transaction is to be executed	Name : Address : Phone No. :

* - strike out whichever is not applicable

I enclose duly executed undertaking executed in favour of the Company, containing the prescribed particulars.

I request you to kindly pre-clear the above transaction at the earliest.

Thanking you,
Yours faithfully,

Name of the Applicant
Employee Code No. :
Department :

Date :
Place :

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX – II

(Draft undertaking to be accompanied with every pre-clearance application)

**The Compliance Officer
Asian Paints Limited,
Asian Paints House,
6A, Shantinagar, Santacruz (East),
Mumbai: 400 055**

Dear Sir,

I, _____ being a Director/Designated Employee of the Company, am desirous of dealing in _____ shares of the Company held in my name/ in the name of my Dependant family members/ in the name of my Relatives or Companies controlled by me as mentioned in my application dated _____ for pre-clearance of the transaction.

I hereby confirm (in case of an application on behalf of Relatives/ Companies controlled by me or relatives/ Dependant Family members on behalf of them):

- a. to maintain confidentiality of all 'Unpublished Price Sensitive Information' that may come into my possession in the discharge of my duties with the Company;
- b. not to pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities of the Company based on the same;
- c. to report to the Compliance Officer, any non-public information that may be directly received by me;
- d. that I did not have any access or have received or have not acted on the basis of '**Unpublished Price Sensitive Information**' upto the date of signing this undertaking ;
- e. that in case I have access to or receive '**Unpublished Price Sensitive Information**' after the signing of this undertaking but before the execution of the transaction, I will inform the Compliance Officer of the change in my position and that I will completely refrain from dealing in the securities of the Company till such time such information becomes public ;
- f. that I have not contravened the Code of Conduct for Prevention of Insider Trading as notified by the Company from time to time; and
- g. That I have made full and true disclosure in the matter.

(Signature)

Name of Designated Employee:

Employee Code No.:

Department:

Location:

Place:

Date:

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - III

(draft letter of approval from Compliance Officer)

Date:

To:

Dear Sir,

Sub : **Pre-clearance of transaction in Company's Securities**

Ref : **Your application dated _____ for pre-clearance of transaction for _____ shares of the Company in your name / in the name of**

_____.

With reference to your above application, seeking pre-clearance of your transaction in shares of the Company, we hereby accord our approval to the proposed transaction.

You may kindly note that the aforesaid transaction will be executed **within one week** from the date of receipt of this approval letter, failing which, an application seeking pre-clearance to the proposed transaction together with undertaking in the prescribed format, will be made afresh.

You may kindly note that after the aforesaid transaction, you will not enter into an opposite transaction during the next six months from the date of the aforesaid transaction.

Thanking you,

Yours faithfully,
For **Asian Paints Limited**

Compliance Officer

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX – IV

(confirmation of date of completion of transaction)

**The Compliance Officer
Asian Paints Limited,
6A, Shantinagar, Santacruz (East),
Mumbai: 400 055**

Dear Sir,

Sub: **Date of completion of transaction**

I hereby confirm that the transaction for dealing in the shares of the Company for which, pre-clearance was granted on _____, was completed on _____ by purchasing * / selling * / * _____ (any other) _____ (nos.) equity shares of the Company.

Thanking you,

Yours faithfully,

(Signature)

Name of Designated Employee:

Employee Code No.:

Department:

Location:

Place:

Date:

* - strike out whichever is not applicable

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - V

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

STATEMENT OF INITIAL DISCLOSURE OF SHARES HELD IN THE COMPANY BY A DIRECTOR / DESIGNATED EMPLOYEE / PROMOTER

Details of shares or voting rights held by Director or Designated Employee and his dependants or Promoter, or positions taken in derivatives by Director of a listed company and his dependants

Name, PAN No., Folio No., DP ID - Client ID & Address of Promoter /Director/ Designated Employee	Date of assuming office of Director / Designate and Employee OR Date of becoming Promoter	No. & % of shares/voting rights held at the time of becoming Promoter / Director / Designated Employee.	Date of intimation to company	Mode of acquisition (market purchase / public / rights / preferential offer etc.)	Trading Member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value

* I/We declare that I/we have complied with the requirement of not entering into an opposite transaction within six months of the prior transaction. (applicable in case of Directors/ Designated Employees)

I further declare that the above disclosure is true and correct and is in accordance with the previous disclosures given to the Company.

Note: The above table will be applicable with suitable modifications to disclosures for position taken in derivatives also.

Place :

Date :

(Signature)

(In case of Companies – to be signed by the Director of the Company)

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - VI

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

DISCLOSURE TO THE COMPANY / STOCK EXCHANGE BY A DIRECTOR / DESIGNATED EMPLOYEE / PROMOTER

[Regulations 13(4), 13(4A) and 13(6)]

Details of change in shareholding or voting rights held by Director and his dependants or Promoter

Name, PAN No. & Address of Promoter/ Director	No. & % of shares/ voting rights held by the Promoter/ Director	Date of receipt of allotment advice/ acquisition / sale of shares/ voting rights	Date of intimation to company	Mode of acquisition (market purchase/ public/rights/ preferential offer, etc.) /sale	No. & % of shares/ voting rights post acquisition/ sale	Trading Member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value	Sell quantity	Sell value

Note: The above table will be applicable with suitable modifications to disclosures for position taken in derivatives also.

Place :

Date :

(Signature)

(In case of Companies – to be signed by the Director of the Company)

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - VII

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

ANNUAL DISCLOSURE OF SHARES HELD IN THE COMPANY BY A DIRECTOR

Details of shares or voting rights held by Director or Designated Employee and his dependants or Promoter, or positions taken in derivatives by Director of a listed company and his dependents

Name, PAN No., Folio No., DP ID - Client ID & Address of Promoter /Director/ Designated Employee	Date of assuming office of Director / Designate and Employee OR Date of becoming Promoter	No. & % of shares/voting rights held at the time of becoming Promoter / Director / Designated Employee.	Date of intimation to company	Mode of acquisition (market purchase / public / rights / preferential offer etc.)	Trading Member through whom the trade was executed with SEBI Registration No. of the TM	Exchange on which the trade was executed	Buy quantity	Buy value

* I/We declare that I/we have complied with the requirement of not entering into an opposite transaction within six months of the prior transaction. (applicable in case of Directors/ Designated Employees)

I further declare that the above disclosure is true and correct and is in accordance with the previous disclosures given to the Company.

Note: The above table will be applicable with suitable modifications to disclosures for position taken in derivatives also.

Place :

Date :

(Signature)

(In case of Companies – to be signed by the Director of the Company)

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

APPENDIX - VIII

Section 6 of the Companies Act, 1956 defines 'Relative' as:

A person will be deemed to be relative of another if, and only if, -

- (a) they are members of a Hindu Undivided Family; or
- (b) they are husband and wife; or
- (c) the one is related to the other in the manner indicated in Schedule IA

Schedule IA

LIST OF RELATIVES

- | | |
|--------------------------------------|--------------------------------------|
| 1. Father | 12. Son's daughter |
| 2. Mother (including stepmother) | 13. Son's daughter's husband |
| 3. Son (including stepson) | 14. Daughter's husband |
| 4. Son's wife | 15. Daughter's son |
| 5. Daughter (including stepdaughter) | 16. Daughter's son's wife |
| 6. Father's father | 17. Daughter's daughter |
| 7. Father's mother | 18. Daughter's daughter's husband |
| 8. Mother's mother | 19. Brother (including step-brother) |
| 9. Mother's father | 20. Brother's wife |
| 10. Son's son | 21. Sister (including step-sister) |
| 11. Son's son's wife | 22. Sister's husband |