

# Annual Business Responsibility Report (BRR)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity** : L24220MH1945PLC004598 Number (CIN)
- Name of the Company** : Asian Paints Limited
- Registered address** : 6A, Shantinagar, Santacruz (East), Mumbai - 400055
- Website** : www.asianpaints.com
- E-mail id** : investor.relations@asianpaints.com
- Financial Year reported** : 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014
- Your Company is engaged in (industrial activity code-wise):**

Group*	Description
202	Manufacture of paints, varnishes, enamels or lacquers
202	Manufacture of surfacing preparations; organic composite solvents and thinners, and other related products
201	Manufacture of organic and inorganic compounds n.e.c.

\*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

- The Key Product that your Company manufactures (as per Balance Sheet) is** Paints
- Total number of locations where business activity is undertaken by the Company:**
  - Number of International Locations – 22 international subsidiaries having business operations in 16 countries
  - Number of National Locations -

Paint Manufacturing facilities	8
Chemical Plants	2
Sales locations	115
Admin Offices	23
Distribution centres	6
Other offices including the registered office	25

- Markets served by the Company – Local/State/National/International:**

Local	State	National	International
✓	✓	✓	✓

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR)** : ₹ 95.92 Crores
- Total Turnover (INR)** : ₹ 10,418.78 Crores
- Total Profit After Tax (INR)** : ₹ 1,169.06 Crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (PAT) (%)**:  
Your Company's total spending of CSR for the financial year 2013-14 is ₹ 3.7 Crores, which is 0.32% of PAT.
- Some of the areas for which expenditure in 4 above has been incurred:**
  - Education and Literacy,
  - Environment,
  - Health care, Hygiene and Sanitation,
  - Infrastructure Development and other facilities for schools and
  - Rain Water Harvesting.

## SECTION C: OTHER DETAILS

- Your Company as on 31<sup>st</sup> March, 2014, has 6 Direct Subsidiary Companies and 21 Indirect Subsidiaries.
- Your Company encourages its subsidiary companies to adopt its policies and practices. Certain policies and practices which form part of the Business Responsibility (BR) initiatives of your Company are applicable to the subsidiary companies also.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

- Details of Director/Directors responsible for BR**
  - Details of the Director responsible for implementation of the BR policy/policies
    - DIN : 03518282
    - Name : Shri K.B.S. Anand
    - Designation : Managing Director & CEO

## b. Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN (if applicable)	NA
2.	Name	Shri Jayesh Merchant
3.	Designation	CFO & Company Secretary, President – Industrial JVs
4.	Telephone number	022 3981 8000
5.	e-mail id	investor.relations@asianpaints.com

P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and protect human rights
P6	Businesses should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

## 2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/policies [Reply in Yes(Y) / No(N)]

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for...	Y This forms part of the Code of Conduct of your Company which is applicable to all its employees	Y The policy is part of your Company's Environment, Health and Safety (EHS) Policy and Quality Policy	Y Certain policies form part of the code of conduct for employees. There are various policies for the benefit of the employees which are issued by the Human Resource function of the Company from time to time	N Your Company is in the process of formulating a CSR policy	Y This forms part of the Code of Conduct of your Company which is applicable to all its employees	Y This forms part of your Company's EHS policy	N	N Your Company is in the process of formulating a CSR policy	Y Your Company has a Consumer Policy
2.	Has the policy being formulated in consultation with the relevant stakeholders? Refer Note 1	Y	Y	Y	-	Y	Y	-	-	Y

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any national / international standards?	Y (Detailed in the report)	Y (Detailed in the report)	-	-	Y (Detailed in the report)	Y (Detailed in the report)	-	-	N
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y (It is signed by the Head of the Human Resources function)	Y (It is signed by the Managing Director)	Y (It is signed by the Head of the Human Resources function)	-	Y (It is signed by the Head of the Human Resources function)	Y (It is signed by the Managing Director)	-	-	Y (It is signed by the Managing Director)
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	-	Y	Y	-	-	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.asianpaints.com/pdfs/company-info/investors/coc_employees.pdf">www.asianpaints.com/pdfs/company-info/investors/coc_employees.pdf</a>	<a href="http://www.asianpaints.com">www.asianpaints.com</a>	These policies are internal policies and are not displayed on the website of your Company but have been displayed on the intranet site of your Company	-	<a href="http://www.asianpaints.com/pdfs/company-info/investors/coc_employees.pdf">www.asianpaints.com/pdfs/company-info/investors/coc_employees.pdf</a>	<a href="http://www.asianpaints.com">www.asianpaints.com</a>	-	-	<a href="http://www.asianpaints.com">www.asianpaints.com</a>
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	-	Y	Y	-	-	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	-	Y	Y	-	-	Y

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	-	Y	Y	-	-	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 2:	Y	Y	Y	-	Y	Y	-	-	Y

**Note 1 :** While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders

**Note 2:** While the Company has not carried out independent audit of the policies; the Internal Audit Function of your Company periodically looks at the implementation of the policies of your Company

**2a. If answer to Sr. No. 1 against any principle is 'No', please explain why: (Tick up to 2 options)**

Sr.No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	✓	-	-	-	✓	-
5.	It is planned to be done within the next 1 year.	-	-	-	-	-	-	✓	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

- The Board of Directors of your Company assesses various initiatives forming part of the BR performance of the Company on a periodic basis. During the year, the Corporate Social Responsibility Committee (CSR Committee) was constituted in accordance with the Companies Act, 2013 and rules thereunder to define the CSR Policy of the Company and prepare

a transparent monitoring mechanism for ensuring implementation of the projects/ programmes / activities to be undertaken by the Company.

- Your Company does not publish a BR or a Sustainability Report; however, details pertaining to Corporate Social Responsibility have been presented in the Management Discussion and Analysis Report in the Annual Report every year. This year, it forms part of this report.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

#### **Business should conduct and govern themselves with Ethics, Transparency and Accountability**

- Your Company has a defined Code of Conduct which is applicable to all the employees including the employees of the subsidiaries which outlines the principle of carrying on the business and act with the highest standards of personal and professional integrity, honesty and ethical conduct. Employees are expected to uphold these guidelines and principles. The Code also provides for obligations of the employees with respect to non disclosure of confidential information, accounting and payment practices, accurate financial disclosures, etc. The Code as well as the Company's Policy on Prevention of Fraud applies to any irregularity, involving employees as well as vendors, contractors, customers and/or any other entities having a business relationship with the Company. Fraud includes acts such as deception, bribery, forgery, extortion and corruption. Annual affirmation to the Code of Conduct is taken by the Company from all its employees.
- The Company also has a Whistle Blower policy under which an Ethics Committee comprising of the Managing Director & CEO, Compliance Officer and Head of the Human Resources function has been constituted for the purpose of receiving and investigating complaints from any employee/ business associates. During the year, your Company rolled out "Asian Paints – Ethics Hotline" which is a tool to enable employees to report any instances of fraud, abuse, misconduct or malpractices at workplace. This hotline is available for your Company as well as to all its subsidiaries including international subsidiaries in local languages.
- The Company has in place mechanisms for receiving and dealing with complaints from stakeholders and is responsive to any complaints received from stakeholders. During the year, your Company received twelve (12) investor complaints from shareholders which have been resolved.

### Principle 2

#### **Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- Your Company has given significant importance to Research & Development. Your Company has set directions towards developing products that meet internationally accepted green product standards. Your Company is committed to being Green and it has been making rapid strides to offer Best-In-Class, truly Green products.

- In support of your Company's commitment to produce greener products the major premium range products under Royale and Ultima brands have been made eco-friendly by removing VOC (Volatile Organic Compound) , APEO (Alkyl Phenol Ethoxylates), CMR (Carcinogen, Mutagen and reproductive Toxin), formaldehyde and heavy metals as per the requirements of GS 11 standard. Your Company has created an internal green logo called "Green Assure" which assures end users of having truly green products.
- Your Company accords highest priority to better health and safety of its stakeholders. Accordingly, your Company has stopped direct addition of RCS (Respirable Crystalline Silica) bearing raw materials in its decorative product formulations which prevents potential exposure of the workmen in the shop floor of a factory, painters at the application site for their safety.
- Your Company intends to educate customers about the safe use of its products and your Company ensures that all processes, plant, equipment, machinery and material provided at plant are safe for its people as well as the environment. A detailed note on the same can be accessed through the following link on your Company's website:  
  
[http://www.asianpaints.com/green\\_assure/index.aspx](http://www.asianpaints.com/green_assure/index.aspx)
- Focus on innovation has led to improvement in energy efficiency in the manufacturing processes at your Company's plants. Stringent targets for the specific power consumption are set and are closely monitored by the manufacturing hierarchy. During the year, your Company appointed a professional agency to study the energy consumption patterns in all its manufacturing locations and recommend solutions to reduce the energy consumption.
- Your Company believes in long-term engagement with its suppliers that commit to social responsibility and international standards. Your Company is committed to improve awareness about legal compliances, enhance eco-friendly efficiencies, packaging / logistics improvements at the suppliers end. Supplier and transporter meets are held on a periodical basis where your Company engages and encourages them to undertake sustainable practices across supply chain.
- Your Company has strategically created storage locations and introduced concept of Warehouse Management system for finished goods across the country for quick and easy serving and better transparency of stocks. Your Company drives its distribution plan using an ERP (Enterprise

Resource Planning) system to optimize freight cost. Your Company sources majority of its transport requirements from local vendors at all locations. It also promotes suppliers wherever feasible, to set up their manufacturing near to your Company's manufacturing locations.

- While setting up new factories / facilities for manufacturing of paints, your Company engages local persons for provision of certain services including construction of the facilities and operations thereafter. At certain locations, community development is also done by way of providing basic educational facilities and skill-sets for maintenance of livelihood to local population.
- Measures for Waste Minimization are undertaken by your Company in all its factories. These measures are reviewed by the General Works Manager of the respective factory/ manufacturing facility at a monthly interval and also by the Vice President of the Supply Chain function on six-monthly basis. Waste generated during the production operations, is disposed / recycled in compliance with the applicable environmental laws. Maximum efforts are made to reduce the quantum of waste-water generated due to cleaning operations in the factories. The trade effluent generated is treated in compliance with the applicable environmental laws and is recycled back into the production processes or discharged for landscaping / gardening/ horticulture-development purposes. The jumbo packaging used, for transfer of certain powder raw material by our suppliers is reused for a minimum of three times.
- Your Company is constantly working towards adopting the best standards in environment management. In the last year, the factories have begun working on identifying better means of waste disposal. In line with the United Nations agenda for World Environment Day for the year 2013, the factories had implemented programs towards educating and influencing employees towards reduction in food wastage as part of the U.N. agenda of "EAT.FOOD. SAVE." Worldwide, co-processing is considered to be the best form of hazardous waste management. Accordingly, the factories have also been in discussions with multiple cement manufacturing companies towards co-processing of the hazardous waste in cement kilns.

### Principle 3

#### Businesses should promote the well being of all employees

- Your Company has a total number of 5870 permanent employees in India (includes permanent women employees).

Details of women employees and contracted work force in India are listed below:

Sr. No.	Category of Employees	No. of Employees
1.	Contracted Workforce	8563
2.	Temporary Workforce	248
Number of permanent women employees:		252
Number of differently abled permanent employees:		3

- Since inception, your Company's business practices have been governed by integrity, honesty and fair dealing. Your Company safeguards the employees' rights, values their cultural, social diversity and ensures safety and healthy work conditions. Your Company's policies prohibit sexual harassment, discrimination based on race, religion, national origin, ethnic origin, colour, gender, age, citizenship, veteran status marital status or a disability.
- Your Company has a Policy on Occupational Health and Safety Policy to comply with all applicable health and safety statutory regulations and ensure zero accidents, zero dangerous occurrences and zero notifiable diseases. Your Company provides regular training to its employees on health and safety in order to conduct their jobs in safe manner.
- Your Company has a policy for Prevention of Sexual Harassment which applies to employees of your Company at all its establishments. It ensures prevention and deterrence towards commission of acts of sexual harassment and communicates procedures for their resolution, settlement or prosecution.
- There are recognized trade unions at your Company's manufacturing locations and certain sales units affiliated to various trade union bodies. Approximately 33% of permanent employees are members of recognized employee unions.
- Your Company's policy prohibits engaging of any child labour or involuntary labour. There are no complaints relating to child labour, forced labour, involuntary labour and sexual harassment.

- Percentage of employees who were given safety & skill up-gradation training in the last year are:

i.	Permanent Employees:	79%
ii.	Permanent Women Employees:	78%
iii.	Casual/Temporary/Contractual Employees:	73%
iv.	Differently Abled Employees:	100%

#### Principle 4

##### **Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

- Your Company engages with its stakeholders on an ongoing basis for a constructive consultation process. Engagement mechanisms whereby each stakeholder group provides timely feedback and response through formal and informal channels are in place. Various initiatives including generation of employment for the local communities around its manufacturing units by giving preference to employment of local people, enhancing education of people towards the importance of water conservation and preservation, provision of welfare facilities like subsidised food, rest rooms, medical check-ups and medical facilities, etc., have been undertaken by your Company.
- Safety training programs which are conducted for employees and workmen are also extended to contractual employees. Your Company runs training academies and trains more than 15000 painters in a year.

#### Principle 5

##### **Businesses should respect and promote human rights**

- Your Company's Code of Conduct adheres to the principles of human rights as enshrined in the Universal Declaration of Human Rights of the United Nations and to act in accordance with the principles laid down in it. Several workshops explaining the principles enshrined in the Code of Conduct of your Company were organized for its employees.
- No stakeholders complaints have been received in the past financial year.

#### Principle 6

##### **Business should respect, protect and make efforts to restore the environment**

- Your Company has an EHS Policy which was reviewed extensively in the last year and the amended EHS Policy (signed by the Managing Director & CEO) is communicated

to all employees. Your Company considers compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate. The EHS Policy covers all employees including Contract Labour and Service providers. The Emissions/Waste generated by your Company is within the permissible limits given by Central Pollution Control Board / State Pollution Control Board (CPCB/SPCB) for the financial year being reported. There are no show cause/legal notices from CPCB/SPCB which are pending as on the end of financial year.

- The paint manufacturing facilities have established ISO systems (ISO 9001 and ISO 14001). As part of the ISO 14001 Environment Management system, every factory monitors the state of Environment inside the factory.
- Further, as part of the ISO 14001 Environment Management system, every factory conducts Aspect Impact study of various activities and identifies Controllable/Uncontrollable and Normal/Abnormal/Emergency scenarios of operation. Any deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective And Preventive Action (CAPA).
- Your Company has setup systems and processes whereby Environment Management Review meetings are conducted every six months and chaired by the Vice President - Supply Chain and General Works Managers of all factories. The discussions in the meeting are centered on the topics of Natural Resource Conservation, Effluent Reduction, Water Conservation, Air Emissions, Waste Generation and disposal. The factory representatives present the status of the Environmental Targets and Management Plans for their respective factories. Confirmation on Statutory compliance is provided by each factory by way of adherence to various clauses of Environmental Laws. Your Company has a definite focus in EHS Policy to improve the contribution of Renewable Energy in our total energy consumption. Towards the end, some of the strategies that your Company is actively evaluating to implement over the next few years are to implement Solar Water Heating systems in the factories and/or install large scale Solar Plants in our upcoming factories as the de-facto source of electricity and/or to buy renewable energy from power companies.
- Energy Efficiency studies are conducted on annual basis by the Engineering teams in your Company's manufacturing facilities/factories. Further, a professional agency has been appointed to study the energy consumption patterns in all



its paint manufacturing facilities and to recommend steps to conserve and reduce energy consumption. The results of these studies help your Company to identify Engineering Controls to save Energy. Solar-based street-lighting initiatives are existent in some of your Company's factories. Details of measures taken in conservation of Energy are mentioned in Form A of the Directors Report forming part of the Annual Report.

- Research & Technology (R&T) Function of your Company has played a significant role in the growth of the organization. Your Company has continuously invested in R&T and has a dedicated team of scientists at the R&T Centre at Turbhe near Mumbai. In keeping with the trends world over, environment sustainability, renewability & freedom from toxicity are considered as the central tenets of new formulation design philosophy for decorative products. It supports your Company's Strategy around Technology Development, development of substantially new products, productivity improvement and cost reduction.
- Your Company believes that Fresh water is a precious natural resource. Supply of clean and safe drinking water is a problem in many parts of the world. Every society shares the global responsibility to promote sustainable use of fresh water resources on the Earth. To enhance the program of water conservation via public education, your Company has established Water Education Centre in the premises of the Company's plants in Mumbai and Kasna which is currently being used by teachers of all the nearby schools.
- Also, your Company has begun activities to implement water conservation measures by installing Water Recharging and Water Harvesting structures in villages neighboring to the factories. Your factory aims to work becoming water neutral in the long run.

### Principle 7

#### Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

- Your Company is a member of many trade associations, some of them are:
  - a) Confederation of Indian Industry (CII)
  - b) Federation of Indian Chambers of Commerce and Industry (FICCI)
  - c) Bombay Chamber of Commerce & Industry
  - d) The Associated Chambers Of Commerce and Industry of India (ASSOCHAM)

e) The Indian Paint Association (IPA)

- Your Company through The Indian Paint Association (IPA) has represented and worked towards the benefit and inclusive development policies for the Paint Industry as a whole.
- Your Company's scientists participate actively in meetings with statutory agencies like BIS (Bureau of Indian standards), Chemical Division Council and help evolving new standards for finished products and raw materials for human safety and environmental protection.

### Principle 8

#### Businesses should support inclusive growth and equitable development

- Your Company's manufacturing facilities engage in Corporate Social Responsibility (CSR) initiatives and these projects primarily focus on the following areas:
  - As a responsible organization focused on inclusive growth, your Company has steadfastly followed a proactive approach towards CSR. Your Company has been engaged in focused initiatives aimed at uplift of the communities residing in the vicinity of its facilities.
  - Education, health and hygiene and water management are the thrust areas of your Company's CSR focus. In line with your Company's CSR philosophy, your Company undertook several initiatives during the year towards building a sustainable CSR model.
  - **Education**
    - Adoption and infrastructure development for schools
    - Provision of educational items to students
    - Development of underprivileged children
    - Mobile vans for education programmes
    - Providing financial assistance to underprivileged children

No. of individuals benefitted from educational activities	25000+
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- **Health and hygiene**
  - Free medical camps for the people residing in villages
  - Development of hospital labs
  - Provision of mobile Medicare units and ambulances
  - Implementation of Sanitation projects



No. of individuals benefitted from the Health & Hygiene activities	35000+
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➤ **Community development**

- Self-defense camps for women
- Donation of mosquito foggers
- Medical camps for truck drivers

No. of individuals benefitted from Community Development Initiatives	7000+
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➤ **Water management**

- Rain water harvesting
- Water preservation

No. of individuals benefitted from the Water and Water Management Initiatives	10000+
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- Your Company has taken various steps to ensure that the CSR initiatives undertaken are successfully adopted by the community. The relevant stakeholders in the local

community are involved during needs assessment, project planning and implementation. Feedback is collected from the beneficiaries of the projects and course corrections are taken based on the same, wherever necessary.

**Principle 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

- Your Company has a Customer Centricity Department which carries out consumer survey/consumer satisfaction trends regularly.
- 26 consumers related legal cases are pending as on the end of the financial year.
- The products of your Company display all information which is mandated by law including the directions for use. Product information is not displayed on the product label. It is available in the product information sheet that is available with the dealers of your Company and on the website of your Company.
- There are no cases filed by any stakeholder against your Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.