

**Bringing joy to
people's lives[®]**

Pioneering. Curating. Energising.

Bringing joy to people's lives®

Pioneering

We believe that providing personalised solutions and pushing the boundaries of innovation not only helps our customers to create better homes, but also makes them sustainable and practical.

Whether it is our range of innovative home décor products, or our state-of-the-art painting services, our commitment to innovation is reflected in everything we do.

Curating

The belief that a home should be a reflection of its owner, inspires us to provide curated unique designs and décor solutions that inspire and delight.

We work with top designers and experts to create curated collections of home décor products that cater to a wide range of styles and preferences. From traditional to modern, from minimalist to maximalist, we have something for everyone.

Energising

The Asian Paints promise – a dedication to giving our customers the power to dream, create, and celebrate.

From festive decorations to personalised colour palettes, we offer a range of solutions that help our customers create memorable experiences and celebrate life's special moments. Our expert team of designers and consultants is always on hand to help you create the perfect ambience for your celebrations, no matter how big or small.

What's inside

Introduction

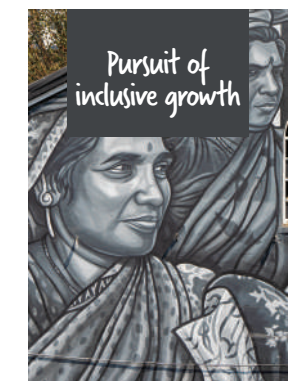
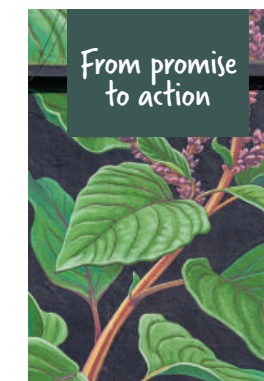
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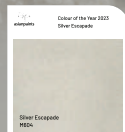
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SILVER ESCAPE - Colour of the Year

Silver has been the colour of wellness and auspicious new beginnings in India for centuries, an ubiquitous colour of hope, festivities and glamour. As wellness and hope for the future have emerged as the two most important design trends this year, silver has been a colour that encapsulates our past and our future, one that allows us to build a new world with the wisdom and joy of our childhood. Timeless and expansive, the colour transcends physical and digital realms.



About this report

This report outlines our business performance during the financial year 2022-23, along with our targets and performance on key Environment, Social and Governance (ESG) strategies. The report provides a discussion of our financial and non-financial performance across the six capitals of the Integrated Reporting <IR> framework.

Key concepts

MATERIALITY

Our material issues are those that have a significant impact on our ability to create value for our stakeholders. An issue is considered to be material if it has the potential to considerably impact our commercial viability, social relevance, and the quality of relationships with our stakeholders. Our material issues are influenced by the economic, social and environmental context in which we operate.

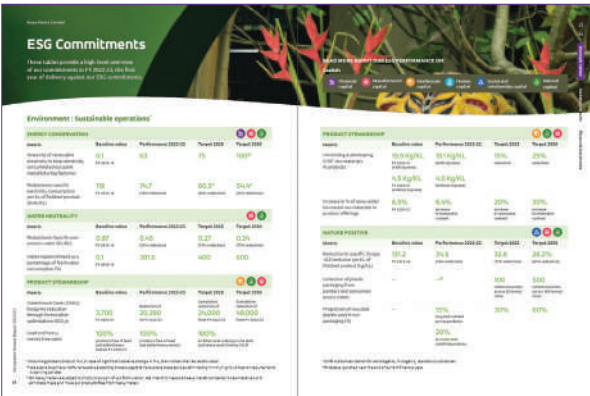
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ESG COMMITMENTS

Guided by our core values, our ESG commitments propel us to steer the Business Strategy to deliver our Purpose of 'Bringing joy to people's lives'. During the year, we have set commitments for 2025 and 2030 in the areas of ESG.

Implementing our ESG commitments

- Our ESG commitments are governed by the Board.
- The Stakeholders Relationship Committee of the Board provides oversight of the execution of the ESG strategy and gives direction to the management on its implementation.



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VALUE CREATION MODEL

At Asian Paints, we believe that value creation is a direct result of how we allocate our capitals. By leveraging our capital inputs efficiently, we strive to achieve superior financial performance, optimise value for all stakeholders, and deliver meaningful capital outputs and outcomes. We have embedded this value creation process into our operations, influencing the way we think and make decisions.

Capitals are stocks of value that have increased, decreased, or transformed through the activities of the organisation.

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Approval by the Board

The Board acknowledges its responsibility of ensuring the integrity of this Integrated Annual Report. In the Board's opinion, this report addresses all the issues that are material to Asian Paints' ability to create value and presents a balanced overview of Asian Paints' performance.

The Board of Asian Paints approved this Integrated Annual Report on 11th May, 2023.

Scope of report

REPORTING PERIOD

1st April, 2022 - 31st March, 2023

REPORTING SCOPE AND BOUNDARY

This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

All the information presented in this report pertains to standalone operations of Asian Paints Limited, unless otherwise specified.

STATUTES, FRAMEWORK, GUIDELINES AND STANDARDS

This report has been prepared in accordance with the <IR> framework published by the International Financial Reporting Standards Foundation (IFRS). Additionally, this report has been prepared in accordance with the following statutes, frameworks, guidelines and standards:

- Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India Act, 1992 (and the regulations issued thereunder)
- Secretarial Standards issued by the Institute of Company Secretaries of India
- National Guidelines on Responsible Business Conduct (NGRBC)

This report is aligned to the following standards and frameworks

- Global Reporting Initiative (GRI) Standards 2021
- United Nations Sustainable Development Goals (UN SDGs)
- Task Force on Climate-related Financial Disclosures (TCFD)

CONTRIBUTION TO UN SDGs



EXTERNAL ASSURANCE

Reasonable and limited assurance engagement on the agreed indicators in the Integrated Annual Report including the Business Responsibility and Sustainability Report has been provided by Price Waterhouse Chartered Accountants LLP, in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (revised), ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standard Board (IAASB). The assurance report attached contains details of the subject matter, criteria, procedures performed, and reasonable and limited assurance conclusions, as applicable.

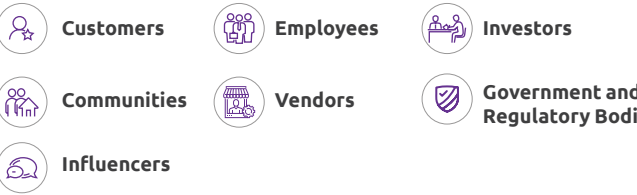
NAVIGATING THIS REPORT

Look for icons related to stakeholders and capitals throughout our Integrated Annual Report to see how everything we do is underpinned by integrated thinking.

Capitals



Stakeholder ecosystem



FEEDBACK

Share your feedback or queries on this report

R J Jeyamurugan
CFO & Company Secretary

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Asian Paints Limited, 6A, Shantinagar, Santacruz (East), Mumbai - 400055, India

Forward-looking statements

Certain statements in the report regarding our business are forward-looking statements. These include all statements, other than those of performance highlights and historical facts, including those regarding the market and financial position, business strategy, and objectives for future operations.

Forward-looking statements shall be identified by words such as anticipates, expects, intends, may, will, believes, estimates, outlook, and other words of similar meaning in connection with a discussion of future operational, environmental, social and financial performance. Forward-looking statements are necessarily dependent on projections and trends and constitute our current expectations based on reasonable assumptions. Actual results could differ from the projected in any forward-looking statements due to risks and uncertainties and other external factors.

GRI 2-1: Organizational details | GRI 2-2: Entities included in the organization's sustainability reporting
GRI 2-3: Reporting period, frequency and contact point | GRI 2.5: External assurance

About this report

A shared ecosystem of progress

DEFINING OUR CAPITALS

FINANCIAL CAPITAL
The pool of funds that we utilise, keeping in mind growth and sustainability, to maximise value creation for shareholders and other stakeholders.

₹ 15,585.6 Crores
Shareholders' funds

₹ 93.8 Crores
Debt

→ Page no. 62

MANUFACTURED CAPITAL
State-of-the-art manufacturing facilities empowered by cutting-edge technologies and green infrastructure, securing high levels of productivity and product excellence.

₹ 3,487.6 Crores
Property, plant and equipment

37
Manufacturing facilities (in-house + outsourced processing centres)

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INTELLECTUAL CAPITAL
Robust innovation platforms crafting new and innovative products with compelling value propositions in record time, demonstrating agility and execution excellence.

240+
Scientists at Research & Technology Centre

₹ 108.0 Crores
Spend on R&D

→ Page no. 78

HUMAN CAPITAL
Empowered and motivated employees who are crucial for enhancing customer-centricity and delivering business outcomes of strategic, operational and financial importance.

32,036
Total workforce (permanent + temporary/contractual)

₹ 23.7 Crores
Investment in Learning & Development (L&D)

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SOCIAL AND RELATIONSHIP CAPITAL
The relationships that give us the social license to operate, play an important role in helping us pursue our vision and stay true to our purpose in good and challenging times.

₹ 77.2 Crores
Spend on CSR activities

150,000+
Retail touchpoints

→ Page no. 100

NATURAL CAPITAL
Being in the paints industry, we are dependent on natural resources. Thus, being cognisant of our environmental footprint and pursuing a low-carbon strategy is critical for business success and sustainability.

62.2%
Renewable electricity consumption out of total consumption

₹ 23.4 Crores
Spend on water conservation

→ Page no. 112

All figures here are on standalone basis

STAKEHOLDER UNIVERSE

Stakeholder engagement is a crucial process that contributes to our growth ambitions. By engaging with stakeholders, we can build lasting relationships that provide valuable support during both prosperous and challenging times.

Customers

Employees

Investors

Communities

Vendors

Government and regulatory bodies

Influencers

→ Page no. 44

MATERIAL ISSUES

Stakeholders help us to determine and prioritise issues that are material and business critical.

Environment

- Climate change
- Toxic emissions, waste and effluents

Governance

- Business ethics and corporate governance
- Financial performance
- Technology, innovation and digitalisation

Social

- Consumer delight
- Diversity & Inclusion
- Occupational health, safety and well-being

1

Identify

2

Prioritise

4

Disclose

3

Validate

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Integrated Annual Report 2022-23

4

A year of progress



Strong financial performance

₹ 29,953.1 Crores Revenue from sale of products and services ⬆ 19.8%	₹ 6,338.5 Crores Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ⬆ 25.8%	₹ 4,100.2 Crores Profit After Tax (PAT) ⬆ 30.8%
₹ 3,164.4 Crores Free Cash Flow ⬆ 269.1%	60% Dividend payout ratio ↔ 58.6%	38% Return on Capital Employed (RoCE) ↔ 33.5%

Delivering innovation

22 New products launched	10 Patents granted
------------------------------------	------------------------------

Poised for growth

₹ 8,750 Crores Committed to delivering growth and fortifying our leadership position in capacity expansion over the next three years	68% Net Promoter score (NPS)
--	--

Tracking our footprint

36% Reduction in Specific Electricity Consumption since FY 2013-14	46% Reduction in CO ₂ Emissions (Scope 1 and 2) since FY 2013-14	382% Water replenishment
78% Employee engagement score	20% Reduction in Total Recordable Frequency Rate (TRFR)	365,000+ Beneficiaries impacted through healthcare initiatives

Best-in-class governance

46% Board comprises of Independent Directors • Independent Audit Committee • Board led by an Independent Chairman	41% Time spent by the Board of Directors on matters of strategic importance	AA (Leader) ESG Rating by MSCI
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All figures here are on standalone basis

⬆ y-o-y growth

↔ Figure for FY 2021-22



Beyond the ordinary

In several ways, we are in the process of reinventing ourselves, strategically shifting our focus from 'share of surface' to 'share of space'. This strategic shift is part of our plan to transform into a premier décor consultant and service provider.

As we embark on this transformational journey, we have also made significant progress in our sustainability journey and have set ambitious ESG commitments for the next few years.



OVERVIEW

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Asian Paints ColourNext 2023

At a glance

Asian Paints is India's most trusted décor company. We create spaces where everyday living is a joy. We help transform lives and enrich millions of homes across Asia, the Middle East, Africa and the South Pacific.

Our commitment to enriching homes has made us a household name. We are known for delivering exceptional quality and unparalleled customer satisfaction. For over 80 years, we have provided exceptional service to our customers, helping them to discover beauty in the mundane and transform their world with colours.

PURPOSE

We exist to beautify, preserve, transform all spaces and objects, bringing happiness to the world.

VALUES

Standing for each other's success

Always being selfless, ensuring success of all groups and individuals, like we would for ourselves

Creative zeal

Passionately striving to cause disruption by a constant search for innovative, out of the box and differentiated solutions and executing with velocity and attention to detail

Integrity

We honour our word, always

Audacity

Fearless in challenging the usual way of doing things, stretching for bold goals as a way of life

Scientific rigor

Adopting a data-analysis driven approach to decision making and continuous experimentation towards building world class practices and products

Customer passion

Treating our customers the way we would want to be treated. Customer First!

Artist: Mona Caron
Artwork: Kurdu, Takla, Chhota Kalpa, Kantakari
Project: Mumbai Urban Art Festival 2022-23



Brand universe



Portrait of sustained growth

STATURE	SCALE	REACH	PEOPLE
80+ Years of delivering joy	₹ 34,367.8 Crores Consolidated revenue from sale of products and services	150,000+ Retail touchpoints in India	12,000+ Employees globally
#1 Paint company in India	27 In-house paint manufacturing facilities worldwide	42 Beautiful Homes stores in India	240+ Scientists driving innovation
#2 Paint company in Asia	1,730,000 Installed in-house decorative paint manufacturing capacity in India (KL /annum)*	5,000,000+ Beautifulhomes.com visitors every year	
#7 Paint company in the world	60+ Countries served		

*Over and above, the Company has also tied up with outside processing centres (OPCs) for manufacture and purchase of certain products.

At a glance

Business segments

Decorative business



India's leading paint and décor company, with the largest of its kind painting service in the world, available in 600+ towns.

SEGMENTS PRESENT IN

- Interior wall finishes
- Exterior wall finishes
- Waterproofing
- Wood finishes

- Enamels
- Adhesives
- Tools
- Undercoats

Home Décor business



Expansive offering to provide a complete one-stop home décor solution to customers.

SEGMENTS PRESENT IN

- Modular Kitchens and Wardrobes
- Bath Fittings and Sanitaryware
- Decorative lightings
- uPVC windows and doors
- Wall coverings
- Furniture
- Furnishing
- Rugs


88.2%

Contribution of Revenue from Sale of products and services (Decorative and Home Décor businesses)*

* Excluding Obgenix Software Private Limited ('White Teak') revenues as it is an Associate Company

Home Décor business currently contributes ~4% of decorative business revenue. We are committed to home décor revenue contribution of 8-10% of decorative business by FY 2025-26.

International business



Taking forward the legacy of Asian Paints to key geographies, bringing delight to millions of households.


REGIONS PRESENT IN

- Asia
- Middle East
- Africa
- South Pacific

9.0%

Contribution of Revenue from Sale of products and services

Industrial business



Provider of high-quality custom-formulated products for the automotive and industrial coatings business in India.

SEGMENTS PRESENT IN

PPG Asian Paints Pvt. Ltd. (PPG-AP)

Automotive, Marine and Packaging Coatings

Asian Paints PPG Pvt. Ltd. (AP-PPG)

Industrial Protective coatings, Powder coatings, Floor coatings and Road markings

2.8%

Contribution of Revenue from Sale of products and services^


^Excluding PPG-AP revenues as it is an Associate Company




Our product offerings & services

By providing customers with end-to-end home décor solutions, we are strategically expanding into the home décor industry. We assist people in transforming their homes into lovely spaces through painting and décor services.


Products




Paints



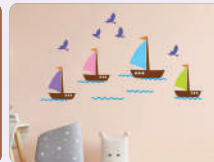
Wall Coverings




Textures Painting Aid




Waterproofing




Wall Stickers



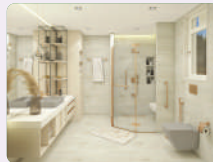
Mechanised Tools




Adhesives




Modular Kitchens and Wardrobes



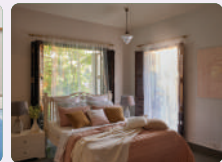
Bath fittings and Sanitaryware



Decorative Lightings



Furniture, Furnishings & Rugs



uPVC Windows and Door Systems

Services*



Beautiful Homes Service

The 'Beautiful Homes Service' is an exclusive, end-to-end solution that offers customers a personalised interior design service, complete with professional execution, to help them create their dream homes.

1,000+
Sites serviced in
FY 2022-23

Safe Painting Service

We offer our customers 'Safe Painting' service ensuring hassle-free and reliable painting solutions with highest safety standards.

100,000+
Customers used the Safe
Painting Service

* Services include: Experience Retail Store, Colour Consultancy, Projects, Safe Painting Services, Beautiful Home Services, Waterproofing Solutions, Wood Solutions, and Bathroom Design Services.

New products

Royale Glitz Ultra Matt



Ultra Matt Interior paint providing luxurious finish, also offers unmatched stain repellency

Royale Play Mineral



Inspired by natural stone finishes, lends a gritty, tactile texture to the walls

Woodtech PuraFin PU



Highly durable with interior and exterior applicability

SmartCare Crack Seal



Ready-to-use fiber-based compound with crack filling ability for both interior and exterior surfaces

Ace Power+



Advanced anti-fade technology paint

Tractor Sparc Enamel



Economy enamel with high gloss finish and durability

TruCare Sparc Interior Wall Primer



Economy primer with improved whiteness and opacity

SmartCare Hydroloc Xtreme

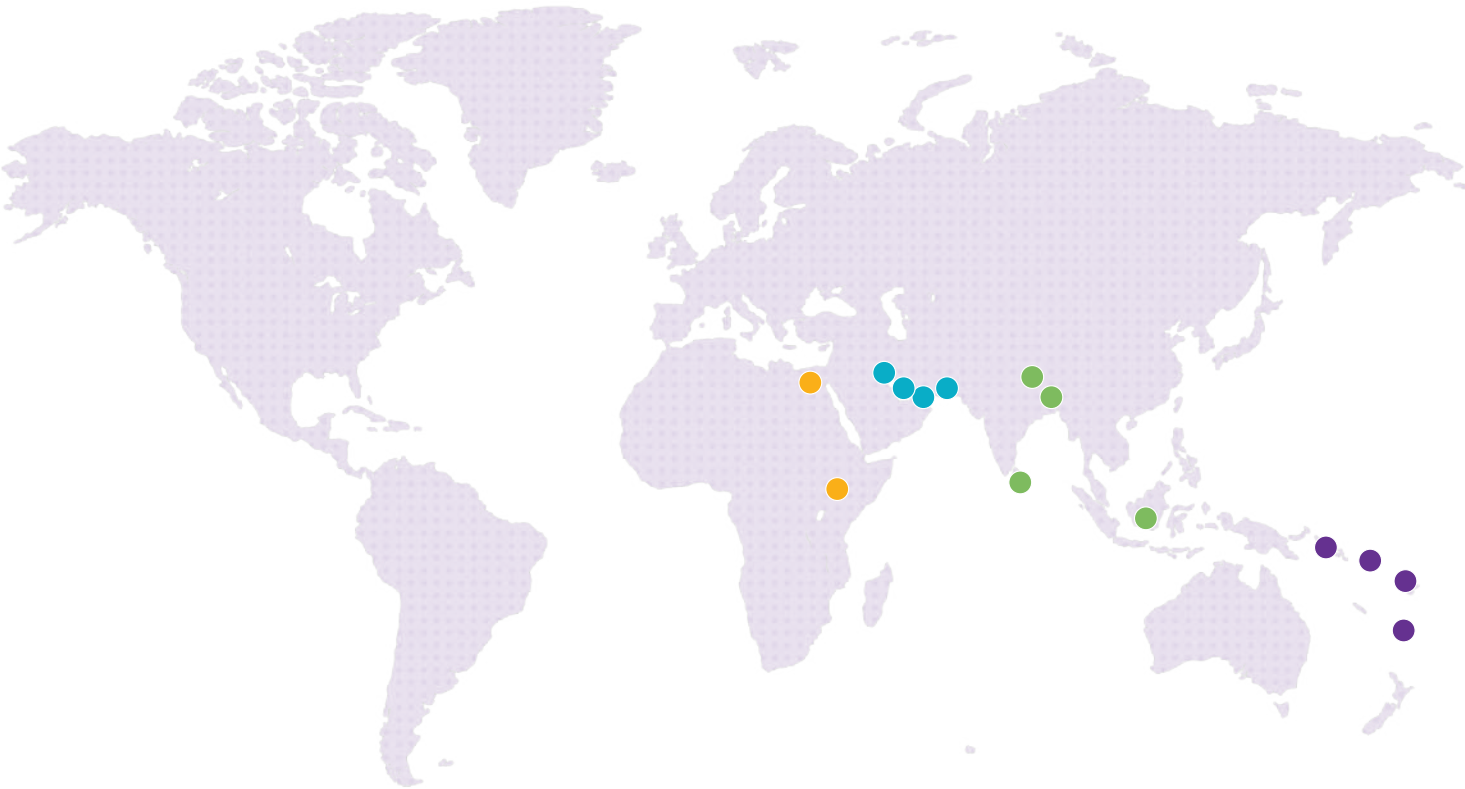


Interior waterproofing solution with 5 years of warranty against dampness and efflorescence

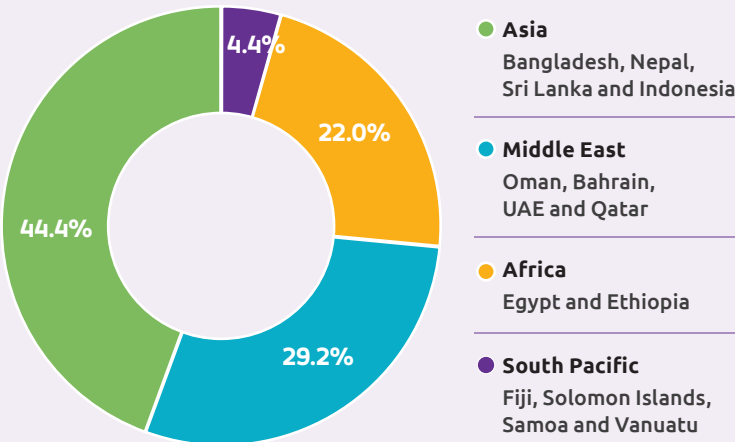
Our global footprint

We operate in emerging economies through our seven corporate brands, viz. Asian Paints, Apco Coatings, Asian Paints Berger, Asian Paints Causeway, SCIB Paints, Taubmans and Kadisco Asian Paints.

International business



Region-wise revenue



GRI 2-1: Organizational Details

International footprint

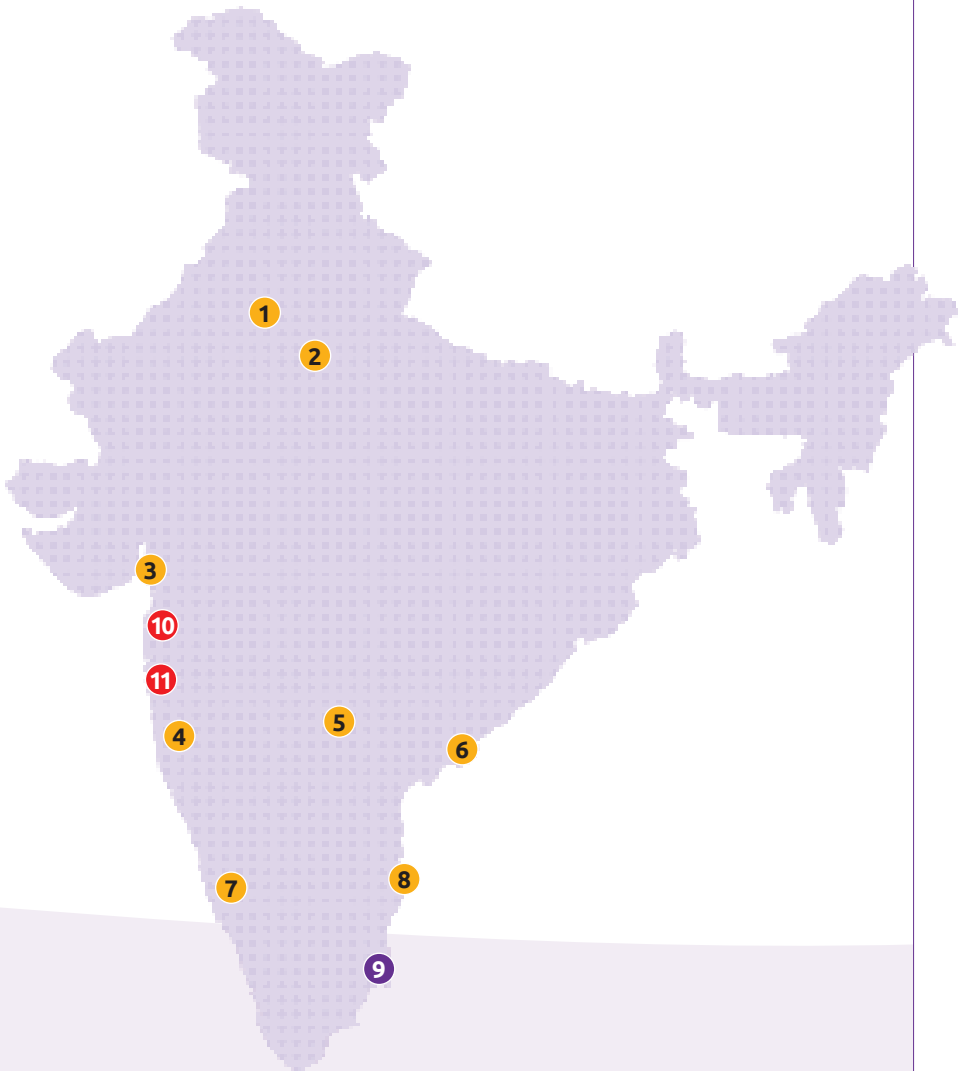
14
Countries in which we operate outside India

17
In-house paint manufacturing facilities outside India

₹ 3,084.4 Crores
International business revenue from sale of products and services

From manufacturing locations to retail outlets

We have the largest distribution and retail network in the Indian paints industry. We place great emphasis on creating an inclusive ecosystem, and this network serves as the backbone of our performance.



PAINT MANUFACTURING LOCATIONS IN INDIA* (Installed capacity/annum)

Decorative coatings

- 1 Rohtak, Haryana
400,000 KL
- 2 Kasna, Uttar Pradesh
80,000 KL
- 3 Ankleshwar, Gujarat
130,000 KL
- 4 Khandala, Maharashtra
300,000 KL
- 5 Patancheru, Telangana
80,000 KL
- 6 Visakhapatnam, Andhra Pradesh
300,000 KL
- 7 Mysuru, Karnataka
300,000 KL
- 8 Sriperumbudur, Tamil Nadu
140,000 KL

Chemical

- 9 Cuddalore, Tamil Nadu
8,760 MT*

*Pentaerythritol

Industrial coatings

- 10 Sarigam, Gujarat
(Facility of subsidiary company)
7,200 MT
- 11 Taloja, Maharashtra
14,000 KL

*Over and above, the Company has also tied up with outside processing centres (OPCs) for manufacture and purchase of certain products.

Note : Map not to scale



Chairman's letter

Dear Shareholders,

In my letter in last year's Integrated Annual Report, I alluded to the challenging times ahead amid economic uncertainty, multi-decade high inflation, and geopolitical tensions. These factors had the potential to dampen demand across industries and only organisations staying true to their core vision while seizing the opportunities to reinvent themselves, would thrive.

As we conclude the year and take stock, I am enormously proud of what your Company has achieved in this period. Amidst an uncertain economic and demand environment, we have continued to grow and evolve the business and your Company has delivered yet another year of stellar performance despite the many challenges. In this journey, we have remained true to the Asian Paints Charter of bringing joy to people's lives, curating dreams, and weaving a pioneering and energising world for our customers.

Delivering on the promise of performance

Against the backdrop of record-high input cost inflation and demand conditions in the process of normalisation, the agile leadership team at Asian Paints delivered on their promise of a strong performance.

I must acknowledge the tremendous efforts of the entire management team at Asian Paints which continued to execute the business plans against the backdrop of a very dynamic business environment and made progress on the priority of driving sustainable growth. Their dedication, resilience and focus on results helped drive the Company forward as we navigated through a challenging external environment, excelling the Asian Paints Way.

Innovation is the backbone of our Company and the key to our sustained leadership position and success. As markets evolve, aspirations shift, and customer requirements change, our innovation engine keeps churning out new value propositions. We continued to bring innovative ideas to life for our consumers all through this year. These new value propositions kept the growth energised and also contributed to a substantial part of the topline revenue.

The Company has taken a quantum leap in the area of services, and we have been able to leverage our Safe Painting Service to accomplish the dreams of lakhs of customers across the length and breadth of this country.

Our foray in home décor has been performing well. We have been able to take the initiative of 'Beautiful Homes' forward - through digital, service, and physical stores so that we are able to offer our customers their dream homes. We have extended our offerings through our recently formulated partnerships with both White Teak and Weatherseal - in the decorative and designer lighting and uPVC windows and door systems space, respectively. We remain focused on delivering a truly seamless and interconnected experience to all our customers.

On the international front, we continued to work on creating unique product and service offerings for our customers, improving our performance in the process. We have continued to make big strides in the industrial coatings segment in India delivering a strong revenue growth with enhanced profitability for the year.

“

I must acknowledge the tremendous efforts of the entire management team at Asian Paints which continued to execute the business plans against the backdrop of a very dynamic business environment and made progress on the priority of driving sustainable growth.”

Committed to sustainability

Responsible business practices remain at the core of all that we do at Asian Paints. Sustainability has long been integrated into our decision-making process across the board to mitigate risks, maximise opportunities, create long-lasting operating models, and effect positive change thereby creating value for all our stakeholders.

In recent years, we have seen a significant increase in the inclusion of Environmental, Social, and Governance (ESG) aspects in businesses globally as well as in India. Our key focus has been providing consumers with environmentally sustainable products, resource conservation and replenishment and taking initiatives on community outreach in the areas of health and livelihood.

Strong corporate governance has been a hallmark of our organisation and we hold ourselves to account to continuously strengthen this area further. We subject each and every business process through a stringent review procedure and strive to raise the bar.

Road ahead

The challenges of the past few years have made us a better and stronger company. We have grown and evolved across many facets and have now initiated a slew of strategic steps to further push your Company's performance trajectory. However, a sound strategy does not by itself underwrite success. The arduous and equally important task of putting strategies into action and thus creating brilliant performances out of bright ideas demands an organisation that is responsive and full of energy. Our people and their unbridled passion for customer-centricity give us an unparalleled competitive advantage here.

Throughout your Company's rich legacy, we have seen many changes and overcome several challenges treating each challenge as an opportunity to evolve. We have always emerged stronger and better, always enhancing the brand 'Asian Paints' saliency pushing ourselves to stay relevant to the evolving customer needs.

This financial year will bring out its own set of unique challenges, but I firmly believe that the Company is well-positioned strategically to continue being the partner of choice for customers. We will continue to leverage our distinct competitive advantages to capitalise on compelling growth opportunities and deliver a unique value proposition in the market.

As we look ahead, your Company is committed to creating unprecedented value for the customers and ensuring that we enrich our leadership by staying ahead in the market across segments and new forays. I am proud of what we have accomplished together and even more excited about what is still to come. Asian Paints remains steadfast in its commitment towards sustained value creation for all stakeholders. Our future is bright, and the spectrum of possibilities is immense!

Warm regards,

Deepak Satwalekar
Chairman

MD & CEO's message

Dear Shareholders,

Globally, FY 2022-23 has been a year of significant challenges amidst the continuation of the raging war in Ukraine and other growing geopolitical tensions to the lingering impact of COVID-19. The effect of mounting inflation and tightening monetary policy was felt by many advanced economies, resulting in volatile markets that caused economic uncertainty.

Amid this volatility and inflationary environment, I am immensely proud of how we continued to build on our legacy of not only being a leader in the decorative paints segment but also diversifying into the area of home décor which has complemented our efforts to enlarge the consumption of paint and décor in India. As a Company, we delivered robust results for the year along with altering the services paradigm by scaling and innovating our Safe Painting and Beautiful Home Services.

Our performance in Industrial Paints has been one of the best in the last decade leveraging our partnership with PPG Industries Inc. of USA. We have also embarked upon certain key strategic steps to enable our next growth milestone prioritising investments that will differentiate us and further enhance 'Asian Paints' brand saliency with our customers.

The Asian Paints Management team has been the biggest asset in driving this performance and we are proud that we have nurtured a strong, determined, and dedicated team which continues to invest their energy in ensuring that your Company continues to create lasting value for all stakeholders.

FY 2022-23 in review: Looking back at the year that was

We delivered on our promise of industry-beating growth for the year despite challenging conditions with demand facing headwinds in the form of extended monsoons and shortened festive season period. Further, persistently high inflation impacted consumer sentiments across segments and price points. As a leading company, we implemented some calibrated and gradual price hikes which helped us protect the overall demand sentiment. We were also able to launch new customer propositions and innovations across segments which helped us in galvanising the overall demand. Towards the latter half of FY 2022-23, we started seeing some softening in raw material prices and coupled with some great work on cost efficiencies by our R&T and Supply Chain teams we were able to shore up the profit margins in the second half of the year.



We delivered a double-digit volume and value growth in the Decorative business taking multiple steps to expand the market and also gain from the organised and unorganised segments of the market through our distinct product and service offerings."



Decorative business, India

We delivered a double-digit volume and value growth in the Decorative business taking multiple steps to expand the market and also gain from the organised and unorganised segments of the market through our distinct product and service offerings. We saw some downtrading due to the calibrated price increases we took over the last two years. We also saw an increased portion of economy products in our mix as it has been a conscious effort from our side to expand the market and make stronger inroads in the bottom of the pyramid segment tapping into this demand through affordable value propositions.

We ended the year with a presence across more than 1.5 Lakhs retail touchpoints widening our distribution network across the growing footprint of smaller cities and towns. Our safe painting and trusted contractor services are the largest of its kind painting service in the world and are now available across more than 600 towns. We also continued to drive the innovation quotient further launching a range of new products and bringing out some 'first of its kind' propositions for our discerning customers.

Our projects and institutional business maintained their high growth trajectory in FY 2022-23. Demand was particularly strong from the construction segment and the factory segments, which was further boosted by the increased Government spending on infrastructure. This growth has also helped to drive our expansion in the waterproofing and construction chemicals areas, a trend we see continuing in the year ahead as well. Our SmartCare waterproofing range of products has seen robust growth helping us establish ourselves as one of the largest players in this category.

Brand equity

We continued to invest in the Brand 'Asian Paints'. Our foray into digital and various areas of social media has kept the saliency of the brand high. One of our key initiatives of 'Where the Heart is', in its season 6, continued to give wings to the emotional quotient of 'Har Ghar Kuch Kehta Hai'.

For almost a decade, Asian Paints has collaborated with St+art India Foundation to democratise art and transform urban landscapes in India. Our partnership continues to thrive with the goal of making art more accessible to everyone. Together, we are truly proud of the 6 art districts and around 400+ murals that had a meaningful impact on communities across the country over the years. This year, we embarked on one of our most formidable projects. We joined forces for the Mumbai Urban Art Festival and you will see more of the wonderful work we accomplished together in the inner pages of this report.

Home Décor business

Our evolution from share of surface to share of space has grown from strength to strength this year. We are moving well on our stated objective to make this business about 8 to 10% of our overall decorative business, including home décor services, by FY 2025-26. Our main focus is to support the customers every step of the way through her entire homemaking journey, making the process joyous and as smooth and efficient as possible. With its natural synergy with our decorative coatings product offerings, this segment will make Asian Paints a key partner in our customer's décor life journey in creating 'Beautiful Homes'.

We offer a unique 'phygital' experience to our customers in this segment i.e. both physical and digital. We now have a large network of Beautiful Homes Stores across 31 cities and our flagship Beautiful Homes Service – an end-to-end home interior design and execution offering, is now available in 13 cities. Our inspiration portal 'beautifulhomes.com' is visited by around 50 Lakhs visitors and has 1.5 Lakhs Instagram followers, generating numerous leads. With our omnichannel presence, we not only offer bespoke home décor concepts to our customers but also partner with her in bringing these concepts to life, turning their dreams homes into reality.

Both our Bath and Kitchen segments are shaping up well. Our bath business has remained profitable over the last six quarters while our kitchen business has crossed the ₹ 100 Crores mark in revenues every quarter this year.

We established strong partnerships last year with both White Teak and Weatherseal, two established names in the decorative and designer lighting and uPVC windows and door systems space. These partnerships have grown and scaled up well over the year benefitting from the integration with our Beautiful Homes Stores network.



Our main focus is to support the customers in every step of the way through her entire homemaking journey, making the process joyous and as smooth and efficient as possible."



MD & CEO's message

Our other tie ups during the year with fabric and furnishing brand “Pure” and “Jaipur Rugs” have significantly added width and value to our overall décor portfolio. These partnerships enable us to better service our customers, home décor needs and we are excited to further leverage their potential.

Industrial business

Our industrial business delivered a solid performance for the year. The automotive industrial coatings business benefitted from the recovery in the automotive space and was also supported by growth in the refinish segment. Our non-automotive industry coatings business grew with our focus on the oil and gas sector, road markings, and flooring and crossed the ₹ 1,000 Crores mark.

The aggression in industrial business has given us better reach and depth across a large number of customers with significant gains in the market.

Furthermore, we are expanding our capabilities and technology base to address some key infrastructure project requirements, which have strong attention from the Central as well as multiple State Governments.

International business

Given the tough conditions across Asian and African markets, our international business has done relatively well delivering decent profits. Overall, the business grew in value terms and to a larger extent in constant currency terms given the currency devaluation in many countries. All geographies grew except for Asia due to the economic crisis in Sri Lanka and depleted demand conditions in Nepal and Indonesia, especially in the second half of the year. We have registered good gains in our premium & luxury product offerings and the project sales segment across countries. Our foray into waterproofing and painting services has given us a strong edge and will continue to fuel our performance in the international markets.

ESG in action

We have always looked at intertwining our sustainability agenda into the Company’s business objectives and considered our focus on ESG to be a key driver of long-term value creation for all our stakeholders.

Resource efficiency is at the heart of our environmental strategy and is reflected strongly in our initiatives. Through our commitment to clean energy, renewable energy is now over 62.2% of our electricity consumption at our manufacturing locations. One of the key achievements is Asian Paints becoming water positive replenishing 3.8 times of our freshwater consumption.

This has been achieved through a strong set of initiatives in water harvesting, water regeneration, and work with communities so that we can influence the life of people, thereby bringing joy to people’s lives. Several of our factories were recognised and awarded for their environmental performance be it on our initiatives under water or for our efforts under energy use. We also impacted and touched the lives of more than 3.5 Lakhs people through our various health initiatives.

While we have been publishing Sustainability Reports for several years and more recently an Integrated Annual Report with details around all these areas, we are committed to raising the bar even higher. We have established targets for ourselves through 2030 across the areas of ESG. We will annually report progress on these targets to update all stakeholders on our ongoing initiatives.

As a move forward, we continue to develop safe and sustainable products. One of our latest projects involves, backward integration to manufacture Vinyl Acetate Ethylene Emulsion (VAE) represents a significant step towards strengthening our position in this area. This emulsion has low volatile organic compounds and is an environment-friendly emulsion.

Additionally, we have also developed our range of organic colours called Nilaya Naturals, with over 90% natural ingredients. This paint, the first-of-its-kind in the world, is robust and has a clean, fresh scent. The palette has more than 200 shades and is created with a unique blend of materials sourced from around the world and India.

Looking ahead at what’s next

As we look forward to the next phase of growth in our stellar journey, we have initiated multiple initiatives laying out an investment plan of ₹ 8,750 Crores across multiple areas – capacity expansion, futuristic technology and product capabilities, backward integration, and a host of other initiatives.

We are currently expanding our manufacturing capacity both through greenfield and brown-field expansions. In line with our backward integration plans, we have entered into a binding agreement to acquire a majority stake in a specialty chemical and next-generation nanotechnology player, which will enhance our technology and innovation across our products.

We have also announced plans to establish manufacturing capabilities for VAE emulsion – a next generation, environment friendly emulsion which will provide us with a sustainable competitive and cost advantage for us in the future.



We have established targets for ourselves through 2030 across the areas of ESG. We will annually report progress on these targets to update all stakeholders on our ongoing initiatives."

We will also be entering the white cement manufacturing space through a joint venture. We believe that all these investments will propel our organisation to its next growth trajectory.

Moving into FY 2023-24, we are filled with optimism and positive momentum from our Q4 growth. We have seen two years of robust growth which has enabled us to touch the ₹ 30,000 Crores net sales mark.

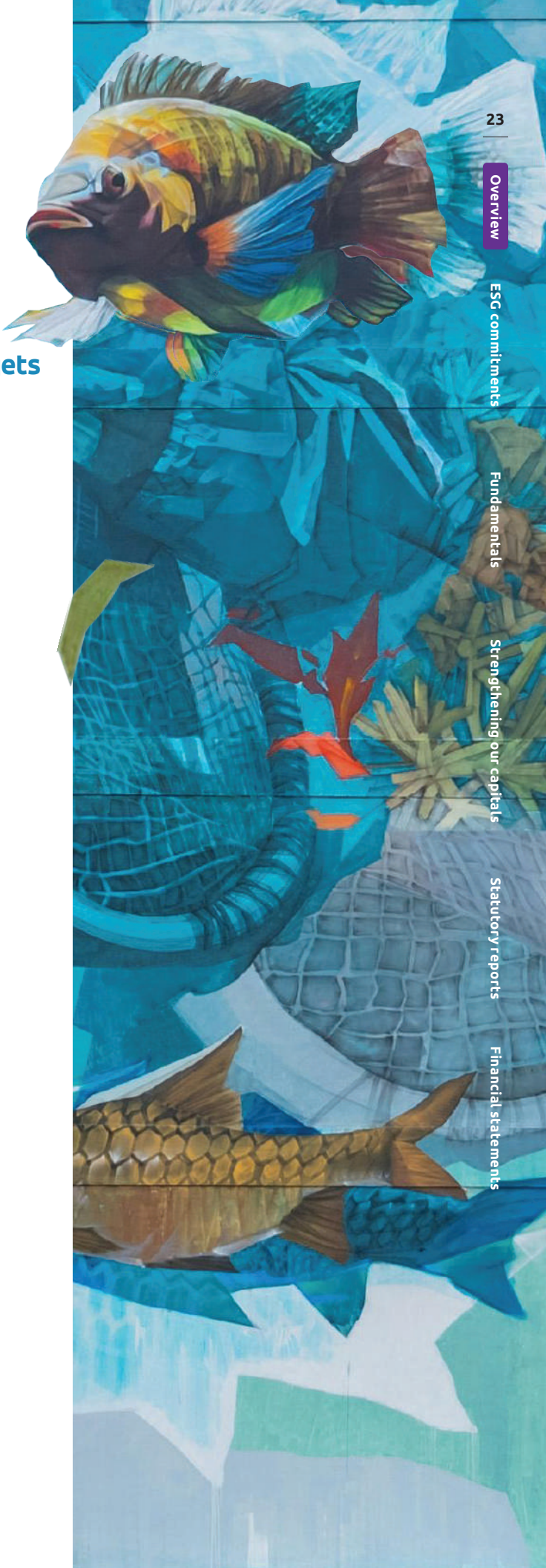
While we will continue to aggressively pursue growth and outperform the market, we are seeing a certain maturity and some normalisation in growth rates from COVID times. We also keep hearing cautious tones on inflation and an oncoming global recession. However, India is well-poised to deliver strong GDP growth and its high correlation with the domestic paint industry will ensure that we continue to grow as well.

The industry is seeing elevated interest from many new players who have announced plans to join the fray which highlights its strong growth potential. It is a proud moment for us as we have been able to raise the bar on per capita consumption of paint in India through our various initiatives of increasing painting frequencies and innovating on new categories like exteriors, waterproofing, textures, and wood finishes. We feel there is enough space for all the companies to co-exist and bring more innovation and opportunities in the Paint Industry.

As a leading company, we will continue to propel innovation, invoke technology and look at customer centricity in a big way as we move forward and create strong acceleration in the market. Above all, we will continue investing in our people remaining committed to their continuous learning and growth, and further driving diversity and inclusion. As we move forward in our journey, I deeply appreciate the wisdom, engagement, and support of our Board of Directors, as well as the trust and confidence of our stakeholders. You have my assurance that we will continue to deliver as we have always, whilst bringing joy to people’s lives.

Warm regards,

Amit Syngle
Managing Director & CEO



Board of Directors

Vibha Paul Rishi
Independent Director



Amit Syngle
Managing Director & CEO



R Seshasayee
Independent Director



Manish Choksi
Vice-Chairman/
Non-Executive Director



Malav Dani
Non-Executive Director



Milind Sarwate
Independent Director



Nehal Vakil
Non-Executive Director



Jigish Choksi
Non-Executive Director



Suresh Narayanan
Independent Director



Ashwin Dani
Non-Executive Director

Deepak Satwalekar
Chairman/Independent Director



Pallavi Shroff
Independent Director



Amrita Vakil
Non-Executive Director



Fortifying our leadership position

Our planned investments of ₹ 8,750 Crores over the next 3 years on various capacity enhancements as well as a few critical backward integration projects, is a significant step which will propel us towards meeting our ambitious growth plans and address evolving customer needs.



Our investments will enable us to cater to the growing paint demand in the economy and also empower us to attain sustainable cost advantages through critical backward integration, complemented by strategic acquisitions to further broaden our home décor offerings, thereby fortifying our leadership position in the core business."

Amit Syngle
Managing Director & CEO



Painting the future green

We aim to offer our customers an extensive selection of industry-leading sustainable products across all categories. We are pioneering the move to improve and innovate paint formulations and develop low-VOC paints satisfying the requirements of Green Assure certification.

30

Products in Green Assure category

3

Products in US Green Seal category (part of Green Assure category as well)

Developed first-of-its-kind organic paint comprising of

over 90% natural ingredients



Leveraging backward integration

We have plans to set up a manufacturing facility for VAE (Vinyl Acetate Ethylene Emulsion) and VAM (Vinyl Acetate Monomer) in India for a proposed investment of approximately ₹ 2,100 Crores over a period of 3 years. The installed capacity of the manufacturing facility would be 1 Lakhs tonnes per annum for VAM and 1.5 Lakhs tonnes per annum for VAE. VAE is the Next-Gen environment-friendly emulsion, based on a unique VAM technology, which will provide a robust competitive edge to Asian Paints in the coatings business.

Another area where we are looking for backward integration is in the white cement manufacturing space. We have entered into a JV to establish a 2.65 Lakhs MT per annum manufacturing facility in Fujairah, UAE. In addition, clinker grinding units would be set up in India as well. The overall investment would be approximately ₹ 550 Crores, to be invested over the next 2 years. White Cement is a key raw material in the manufacture of powder paints and undercoats like putty - a powder leveling solution used for various interior/exterior substrates. In addition, white cement is used in the home construction & repair segment, for various applications like - tile/marble fixing, sanitaryware work, repair work, etc.

2,670,000 KL/annum

Expected In-house paint capacity after expansion

Capacity expansion

We are positioning ourselves in the medium term to meet the needs of a rapidly expanding Indian Paint industry, which is projected to reach a market size of ₹ 100,000 Crores within the next five years.

Our approach involves expanding our manufacturing capacity through both greenfield and brownfield expansions, enabling us to meet the demand and consolidate our position as the leading paints company in India.

Brownfield expansions at our existing decorative paint plants at Kasna, Khandala, Ankleshwar, and Mysuru, along with other regular capex will entail outflow of ₹ 3,400 Crores supporting the growth plan over the next 3 years which will add 5.40 Lakhs KL per annum to our existing capacity. We have plans to set up a new water-based paint manufacturing facility with a capacity of 4 Lakhs KL per annum at an approximate investment of ₹ 2,000 Crores. This facility is expected to commission in 3 years after the acquisition of land. We would be using the latest manufacturing technology to produce paints and intermediates in the proposed manufacturing facility in an environment-friendly manner.

Next frontier of coatings

We have signed a definitive agreement to acquire a majority stake in a specialty chemical and next-generation nanotechnology player, which will enhance our technological capabilities across all our products. Being forerunners in world class coatings technology, this partnership would enable Asian Paints to offer customers an exciting wave of innovative products in the coatings space and give us a sustainable competitive advantage.





From^{''} promise to action^{''}

Our unwavering commitment to sustainability is transforming mere promises into tangible actions. By making responsible choices, we are actively driving the creation of sustainable value. With the ESG targets as our guiding light, we are turning our vision into reality.



ESG COMMITMENTS

30 Our journey of sustainable value creation

32 Making responsible choices

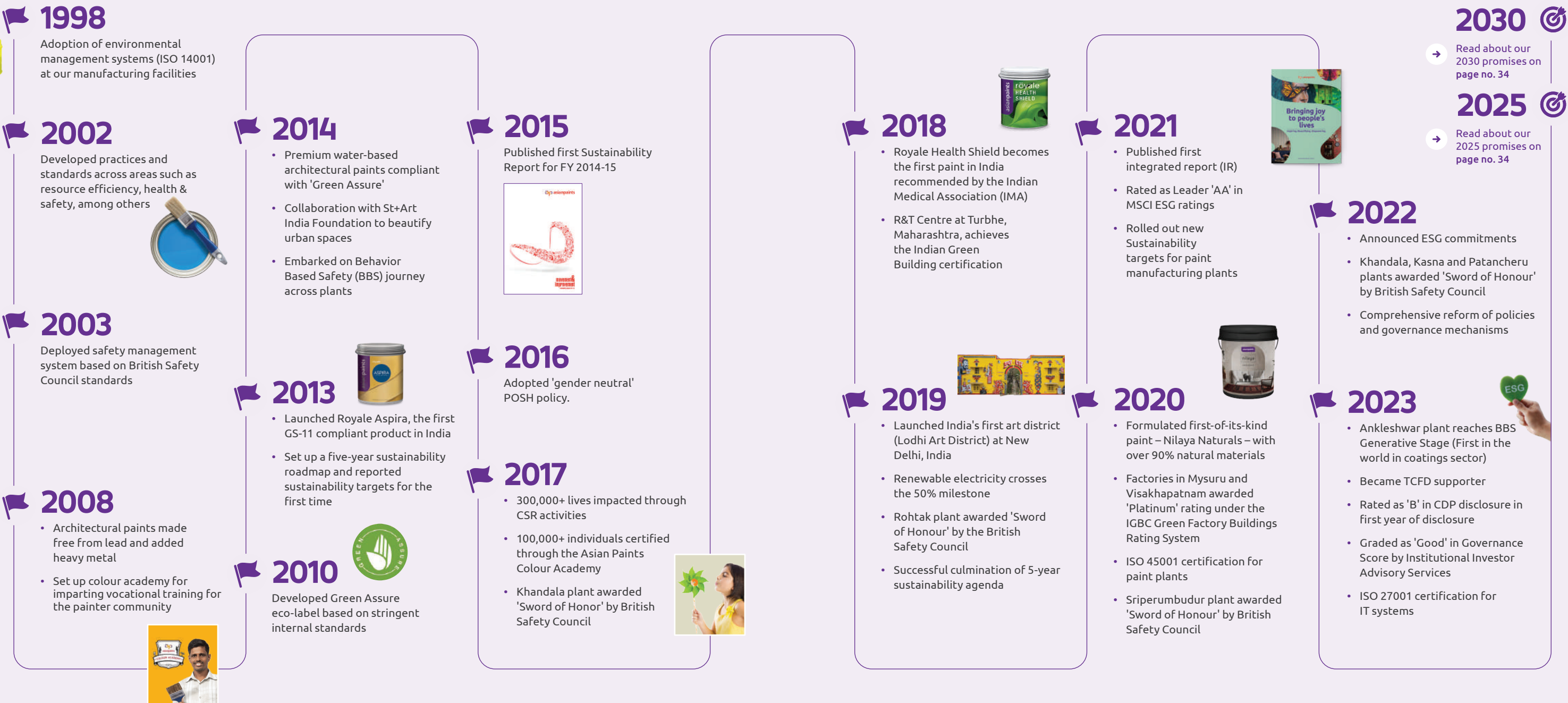
34 Our ESG commitments



Artist: Mona Caron
Artwork: Kurdu, Takla, Chhota Kalpa, Kantakari
Project: Mumbai Urban Art Festival 2022-23

Our journey of sustainable value creation

FY 2022-23 was another pivotal year for us in the journey of sustainable value creation. We have made significant strides in the last twenty five years, and now we are leveraging our strong foundations to bring joy to people's lives.



Making responsible choices

Our ESG commitments will propel us to steer our purpose of bringing joy to people’s lives.

Aligning profit with purpose

We have embedded ESG into all aspects of our business strategy. It helps us to mitigate risks, reduce costs, and identify opportunities for innovation and growth.

In line with this, we have established a robust ESG framework underpinned by our core values. Our focus on creating sustainable operations, supported by empowered people and good governance helps us build and grow our business seamlessly and deliver on our commitment to craft a sustainable future for our stakeholders.

FIVE ELEMENTS OF VALUE CREATION THROUGH ESG

- 1

Top line boost
Attract B2B and B2C customers with more sustainable products. Achieve better access to resources through stronger community and government relations
- 2

Resource optimisation
Lower energy consumption, improve material efficiency and water consumption intensity
- 3

Responsible corporate citizen
Setting standards for governance through self-regulation
- 4

Inspire employees
Values led employees, best employee experience creating ambassadors for Asian Paints
- 5

Sustainable investments
Allocation of capital that enhances returns and also ensure long term sustainability

We are committed to maintain an optimal balance between People, Planet and Profits objectives



Environment

Sustainable operations

As we grow our business, we remain committed to having a positive impact on nature through integrating sustainability into our operations and product portfolio.

FOCUS AREA

- Energy conservation**
Setting standards for energy neutrality and optimum resource utilisation
- Water neutrality**
Ensuring water neutral operations
- Product stewardship**
Providing industry-leading environmentally sustainable product options in every category
- Nature positive**
Achieving near-zero waste and emissions and foster circularity through the 3R principles.

ALIGNED WITH

- Material issues**
 - Climate change
 - Toxic emission, waste and effluents
 - Water management
 - End-of-life management of products and packaging
 - Supplier sustainability
 - Product stewardship
 - Technology, innovation, and digitalisation
 - Biodiversity

BEYOND ESG

Return to shareholders
ESG issues linked to organisational profitability

Social

Synergising relationships

Our mission is to promote societal well-being through upholding human rights, implementing fair labour practices, promoting diversity and inclusion, and developing communities.

FOCUS AREA

- Community ownership, Customer celebrations**
Fostering the development of our communities and deliver customer delight
- Water stewardship**
Assisting local communities with their water requirements
- Energising, equitable & inclusive workplace**
Creating a workplace that celebrates diversity and values performance
- Safe workplace**
Providing healthy and safe work environment

ALIGNED WITH

- Material issues**
 - Consumer delight
 - Diversity & Inclusion
 - Consumer health and safety
 - Occupational health, safety, and well-being
 - Talent management and employee engagement
 - Local communities
 - Industrial workforce management
 - Influencer management
 - Human Rights

Governance

Strong governance

We remain committed to transparency. Our robust governance principles empower our Board and management team to provide effective oversight and facilitate informed decision-making.

FOCUS AREA

- World-class governance**
Being amongst the best governed companies
- Ethics, transparency, quality and accountability**
Developing robust business strategies, agile operations, strong risk management, and foster a culture of innovation and adaptability
- Sustainable supply chain management**
Prioritising ethical sourcing, reduce environmental impact, and promote social responsibility

ALIGNED WITH

- Material issues**
 - Business ethics and corporate governance
 - Organisational resilience
 - Policy advocacy
 - Anti-competitive behaviour
 - Anti-corruption and anti-bribery
 - Responsible supply chain
 - Financial performance

Qualitative score
Qualitative assessment of confidence from the investor community

Our ESG commitments

These tables provide a high-level overview of our commitments in FY 2022-23, the first year of delivery against our ESG commitments.

READ MORE ABOUT OUR ESG PERFORMANCE ON:

Capitals

-  Financial capital
-  Manufactured capital
-  Intellectual capital
-  Human capital
-  Social and relationship capital
-  Natural capital

Environment: Sustainable operations^

ENERGY CONSERVATION				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Share (%) of renewable electricity in total electricity consumed across paint manufacturing factories	0.1 FY 2013-14	62.2	75	100 [®]
Reduction in specific electricity consumption per KL of finished product (KWh/KL)	116 FY 2013-14	74.7 (36% reduction)	60.5 [#] (48% reduction)	54.4 [#] (53% reduction)
WATER NEUTRALITY				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Reduction in specific non-process water (KL/KL)	0.97 FY 2013-14	0.45 (54% reduction)	0.27 (72% reduction)	0.24 (75% reduction)
Water replenishment as a percentage of freshwater consumption (%)	0.1 FY 2013-14	382	400	600
PRODUCT STEWARDSHIP				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Greenhouse Gases (GHGs) footprint reduction through formulation optimisation (tCO ₂ e)	3,700 FY 2020-21	Reduction of 20,390 in FY 2022-23	Cumulative reduction of 24,000 from FY 2022-23	Cumulative reduction of 49,000 from FY 2022-23
Lead and heavy metals-free paint	100% products free of lead and added heavy metals FY 2020-21	100% products free of lead and added heavy metals	100% architectural coatings to be lead and heavy metal free by 2025 [§]	

PRODUCT STEWARDSHIP				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Minimising & eliminating CMR* raw materials in products	19.9 Kg/KL FY 2020-21 (with Styrene)	19.1 Kg/KL (with Styrene) (4% reduction)	15% reduction	25% reduction
	4.5 Kg/KL FY 2020-21 (without Styrene)	4.0 Kg/KL (without Styrene) (11% reduction)		
Renewable/bio-based raw materials in product offerings (%)	6.5% FY 2020-21	6.4% renewable content	20% increase in renewable content	30% increase in renewable content
NATURE POSITIVE				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Reduction in specific (Scope 1 & 2) emission per KL of finished product (kg/KL)	131.2 FY 2013-14	34.7 (74% reduction)	32.8 (75% reduction)	26.2 (80% reduction)
Collection of plastic packaging from painters and consumers across states	—	New Initiative	100 collection points across 25 towns/cities	500 collection points across 100 towns/cities
Proportion of recycled plastic used in our packaging (%)	—	15% recycled content across products	30	60
		20% in Green Seal certified products		

*CMR stands for carcinogenic, mutagenic, reprotoxic substances

[^] The energy, emissions, water, waste & wastewater indicators pertain to in-house paint manufacturing units
[®] We aspire to achieve 100% renewable electricity share subject to state policies relating to minimum grid utilisation requirements & banking policies
[#] Assuming present product mix, in case of significant adverse change in mix, the number shall be recalculated
[§] No heavy metals are added to products as part of our formulation. We intend to measure heavy metals contained in raw materials and eliminate these and make our products free from heavy metals

Our ESG Commitments

Environment: Sustainable operations^

NATURE POSITIVE				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Reduction in specific hazardous waste per KL of finished product (kg/KL)	2.7 FY 2013-14	0.8 (70% reduction)	0.5 (81% reduction)	0.45 (83% reduction)
Reduction in specific Non-hazardous waste per KL of finished product (Kg/KL)	14.1 FY 2013-14	7.8 (45% reduction)	6.7 (52% reduction)	6.0 (57% reduction)
Reduction in specific effluent generated per KL of finished product (L/KL)	82.4 FY 2013-14	18.1 (78% reduction)	17.5 (79% reduction)	15.8 (81% reduction)

Social: Synergising relationships

COMMUNITY OWNERSHIP				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Participants trained at Asian Paints Colour Academy	199,000+ FY 2020-21	510,000+	600,000	1,000,000
Beneficiaries impacted through healthcare initiatives	170,000+ FY 2020-21	365,000+	500,000	650,000
CUSTOMER CELEBRATIONS				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
St+art/community sites	—	425+ till FY 2022-23	500	1,000
NPS	—	68	70	70
WATER STEWARDSHIP				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Water harvesting potential created as % of annual freshwater consumption every year	8.1 FY 2020-21	195	>70	>70

^ The energy, emissions, water, waste & wastewater indicators pertain to in-house paint manufacturing units

ENERGISING EQUITABLE & INCLUSIVE ENVIRONMENT AND SAFE WORKPLACE				
Metric	Baseline value	Performance 2022-23	Target 2025	Target 2030
Total Recordable Frequency Rate (TRFR)	2.9 FY 2020-21	1.4	<=0.98	To sustain as global benchmark in safety
Total Severity Rate (TSR)	200 FY 2020-21	95.1	<=150	To sustain as global benchmark in safety
Tier-1 process safety incidents	—	4	<=3	To sustain as global benchmark in safety
Employee engagement score (%)	67 FY 2020-21	78	80	80
Psychological safety score (out of 10)	—	6	7	7
Wellness initiative score (out of 10)	—	8.5	8	8

Governance

Metric	Target 2025
World-class governance	Committed to achieving best-in-class governance as rated by investors and third-party governance firm
Ethics, transparency, quality and accountability	100% of risk impacting business resilience: Annual assessment and score Qualitative assessment from investor community
Sustainable supply chain management	Proactive engagement with value chain partners to educate, empower, and align them with our ESG commitments

Capitals

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

Built to last

Our strength is derived from highest standards of governance, a business model that creates sustainable growth, stakeholder-centricity, and effective risk management that demonstrates Asian Paints' resilience and contributes to building an enduring legacy of excellence.

FUNDAMENTALS

- 40 Governance that creates value
- 44 Addressing stakeholder concerns
- 48 Identifying material issues

- 50 How we create value
- 52 Climate reporting disclosures
- 54 Managing risks



Artist: Afzan Pirzade
Mumbai Urban Art Festival, 2022-23

Governance that creates value

The bedrock of our corporate governance philosophy is based on unwavering adherence to ethical business practices, impartiality, and mutual trust, which enabled us to emerge as a leading company for over 50 years.

Board discussions

Our Board of Directors met 8 times in FY 2022-23, with an participation rate of 96.2%. The Board discussed on various matters from long-term strategy, ESG to people development.

A balanced governance structure*

Guided by our values and history, the Board is committed to promoting sustainable and responsible growth, which has been the cornerstone of our success. Our governance framework is built on three pillars that work together to ensure we deliver on our purpose.

SDGs IMPACTED

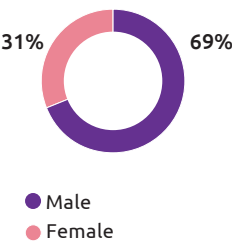


MATERIAL ISSUES

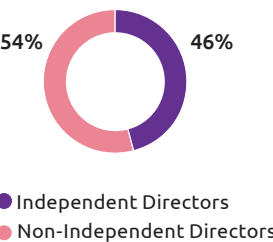
- Business ethics and corporate governance
- Organisational resilience
- Policy advocacy
- Anti-competitive behaviour
- Anti-corruption and anti-bribery
- Responsible supply chain
- Financial performance

BOARD STATISTICS

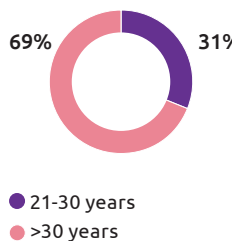
Board diversity**



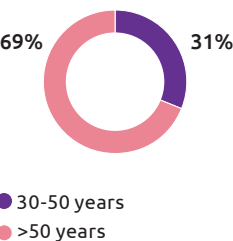
Board independence



Board experience

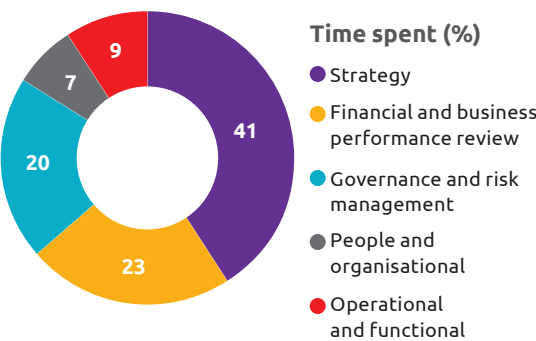


Board age profile



→ Read more on skill matrix of our Directors on page no. 24

Insight into Board discussions



7 years
Average tenure of Board of Directors®

DRIVING RESULTS: BOARD COMMITTEES AT THE HELM

Board Committees aid in discharging duties by providing valuable insights, enhancing governance policies, and submitting periodic reports to the Board of Directors.

Board of Directors

Chaired by **Independent Director**®

13 Members | **46%** Independence

Audit Committee

Chaired by **Independent Director**

4 Members | **100%** Independence

Nomination and Remuneration Committee

Chaired by **Independent Director**

3 Members | **67%** Independence

Risk Management Committee

Chaired by **Independent Director**

4 Members | **50%** Independence

Corporate Social Responsibility Committee

Chaired by **Non-Executive Director**

5 Members | **40%** Independence

Stakeholders Relationship Committee

Chaired by **Independent Director**

3 Members | **33%** Independence

Investment Committee

Chaired by **Independent Director**

7 Members | **43%** Independence

MANAGEMENT

The Managing Director & CEO plays a critical role in the Company's success by implementing the Board's strategy, delivering short and long-term objectives, and working with **One Link** group members, who together form the management structure and ensure our overall strategy is executed effectively.

One Link

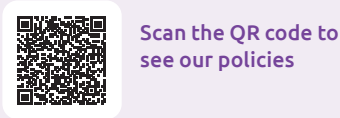
An enterprise-wide leadership development initiative, brings together over 50 members of the Company including the Managing Director & CEO to undertake forward-thinking, paradigm-changing projects that ignite inspiration and foster the growth of leadership skills.

*GRI 2-11 Chair of the highest governance body | **GRI 405-1 Diversity of governance bodies
®GRI 2-9 Governance structure and composition

Governance that creates value

Transparency and enhanced disclosures

We have a comprehensive reporting approach, which demonstrates an unwavering dedication to providing our stakeholders with a transparent and holistic view of our performance and progress toward achieving ESG commitments.



Scan the QR code to see our policies

3rd
Integrated Annual Report

8th
Year of sustainability reporting

POLICIES

Our policies serve as an enabling framework for realising our governance vision and ensuring transparency within and outside our organisation.

Nomination and Remuneration Policy	Code of Conduct for Employees	Policy for Determining Material Subsidiaries
Policy for Prevention, Prohibition, and Redressal of Sexual Harassment of Women at Workplace	Whistle Blower Policy	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
	Risk Management Policy	
Code of Conduct for Board Members and Senior Management Personnel	Policy on Dealing with and Materiality of Related Party Transactions	Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons
Code of Conduct for Business Partners	Policy on Engagement of Statutory Auditors of the Company	
Corporate Social Responsibility Policy	Environment, Health and Safety Policy	Archival Policy
Policy on Equal Opportunity and Non-Discrimination	Policy for determination of Materiality of Events/ Information	Policy for Appointment of Independent Directors*
Internal Audit Charter		Dividend Distribution Policy
Board Diversity Policy	Advocacy Policy	Information Security Policy

*This policy is not available in public domain.

Proactive engagement and response towards stakeholders

Our ESG vision is the central foundation of how we intend to create value for all our stakeholders. Our Stakeholders Relationship Committee guides our overall engagement and response toward stakeholders.

ESG PERFORMANCE LINKED REMUNERATION AND INCENTIVES

To align with our ESG commitments, we have incorporated weightage for achievement of ESG linked targets for one link members' variable pay scheme.#

ESG SCORES-LEADING GOVERNANCE RATING AGENCIES

CDP Climate Change score	B*	MSCI ESG ratings	AA Leader	IIAS Corporate Governance score	GOOD
--------------------------	----	------------------	-----------	---------------------------------	------

*In its first year of disclosure

#The variable pay achievement targets of Managing Director & CEO, *inter alia*, include revenue growth, specific targets for focused products, market share, ESG priorities, employee engagement & collaboration score, and people development & succession planning for senior management.

COMPLIANCE

Our Compliance function ensures risk-based compliance evaluation, and timely adherence to all applicable regulations. We use a digital tool to monitor compliances and alert process owners for timely compliance.

GENDER NEUTRAL POSH POLICY

Asian Paints has a zero-tolerance policy for harassment and ensures all persons are treated with respect and dignity.

CODE OF CONDUCT

We have an established Code of Conduct applicable to all our Directors, senior management personnel, employees, and business partners at large. Our Code of Conduct is based on our core values and principles and spells out expectations in relation to specific situations.

We have zero tolerance for corruption and unethical conduct. Our Code of Conduct is the central policy document which every person working for and with Asian Paints must comply with. There were no confirmed cases of corruption during the year^.

Fostering competition: We support fair competition and the promotion of liberalisation of trade and investment in the countries where we operate. We compete vigorously yet fairly and in full compliance with anti-trust/competition laws. We build brand loyalty by delivering quality products and by providing superior services, tailored to the needs of our customers. We do not engage in activities that constitute restrictive practices, abuse of market dominance, collusion with competitors or any unfair trade activities to secure undue advantage.

90% of the intended employees attended training and awareness sessions on fair trade practices.

PREVENTION OF INSIDER TRADING

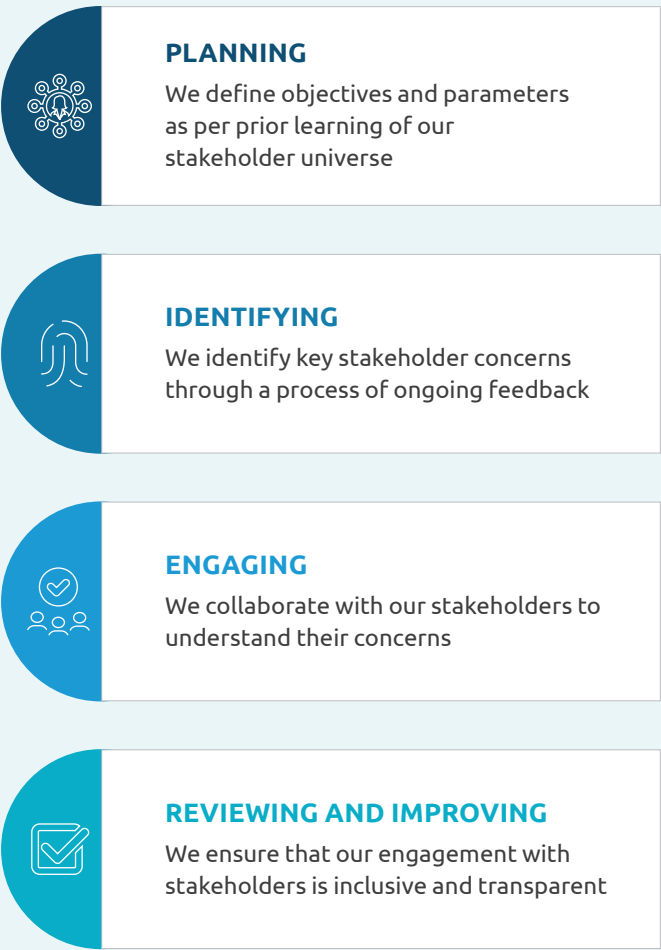
Designated Persons are prohibited from dealing in the shares of Asian Paints Limited when in possession of unpublished price sensitive information or when the trading window is closed. Our Code of Conduct for prevention of insider trading helps Designated Persons with compliance with laws relating to dealing in securities of Asian Paints.

^GRI 205-3 Confirmed incidents of corruption and actions taken

Addressing stakeholder concerns

We believe that stakeholder participation is critical to driving transformation and innovation. We prioritise stakeholder well-being through our robust ESG framework, which leads our operational and fiscal imperatives.

Process of stakeholder engagement



Stakeholder-centricity at Asian Paints

At Asian Paints, our core values define us as a company that is sustainable, innovative, and passionate in everything it does. We recognise that people are at the heart of any thriving business, and we strive to build strong relationships with all of our stakeholders along the entire value chain.

How does stakeholder engagement help us?




Stakeholder engagement plays a critical role in our innovation journey, in designing products, services, and solutions. Read about our materiality assessment process to find out how stakeholder engagement is crucial for identifying our material issues.







Read more on page no. 60








FREQUENCY OF ENGAGEMENT			CAPITALS		
Ongoing	Periodic		Financial capital	Manufactured capital	Intellectual capital
			Human capital	Social and relationship capital	Natural capital
WHY THEY MATTER		KEY CONCERNS		ENGAGEMENT APPROACH	
 Customers The voice of the customer is pivotal in driving innovation, improving products, enhancing quality, and delivering exceptional service		<ul style="list-style-type: none">Delightful experience through the décor journeyProduct safety and value for moneyInnovative productsAnticipating requirementsCreating valueConvenienceSolutions and not just productsBetter servicingSustainable products & services		<ul style="list-style-type: none">Partnering with them in their journey from products to servicesOne-on-one interactionDigital channels like mobile applications, (Colour with Asian Paints), Company website etc.Customer satisfaction SurveyFeedback surveys and calls post redressal of complaintsCustomer service helplineDealer meets	
Linkage to capitals					






Addressing stakeholder concerns




WHY THEY MATTER	KEY CONCERNS	ENGAGEMENT APPROACH
<div><p>Employees</p><p>Employee performance, skills, and capabilities are vital for the sustained success of our company</p></div>	<ul style="list-style-type: none">Employee well-beingLearning and developmentOccupational health and safetyGrowthEquity & DiversityRobust rewards & recognition programmesFair wages	<ul style="list-style-type: none">Programmes to ensure employee well-being and safetyEmployee engagement surveysDigital engagementOne-on-one engagement, townhall meetingsPersonalised learning and development programmesRegular performance review and feedbackIntranet portalEngaging with potential campus hires in leading campusesExit interviews
Linkage to capitals   		

<div><p>Investors</p><p>Our investors are crucial to the success of our Company, providing us with the necessary resources to expand and sustain our operations</p></div>	<ul style="list-style-type: none">Consistent returns on investmentsLong-term viability and sustainable growthTimely disclosures and complianceGood governance	<ul style="list-style-type: none">Annual general meetingsQuarterly investor conferencesOne-on-one engagements/meetingsDigital engagementMedia updatesIntegrated Annual Report and Sustainability ReportRegular filings with regulatory bodiesInvestor support
Linkage to capitals 		

<div><p>Communities</p><p>The support and trust of communities strengthen our social license to operate. Our responsibility is to foster their holistic and inclusive development and make them a part of the Company's growth journey</p></div>	<ul style="list-style-type: none">Social concerns such as health and hygiene, skilling, and water managementSustainable way of carrying on the businessEmpower underprivileged sections of society/ vulnerable and marginalised groups through CSR activities	<ul style="list-style-type: none">Collaboration with non-governmental organisationsField visitsCSR and sustainability initiativesSkill developmentOne-on-one interactionsEmployee voluntary activities
Linkage to capitals    		

WHY THEY MATTER	KEY CONCERNS	ENGAGEMENT APPROACH
<div><p>Vendors</p><p>A robust and seamless supply chain enables us to develop affordable and innovative products, continuously improve the efficiency of our service delivery and operate sustainably</p></div>	<ul style="list-style-type: none">Value creationFairness in business dealingsTimely payment & recurring ordersNecessary knowledge and infrastructure support	<ul style="list-style-type: none">Supplier meetsOne-on-one interactionsDigital channels such as supplier grievance/ feedback portalForums and seminarsCollaboration with vendors
Linkage to capitals     		

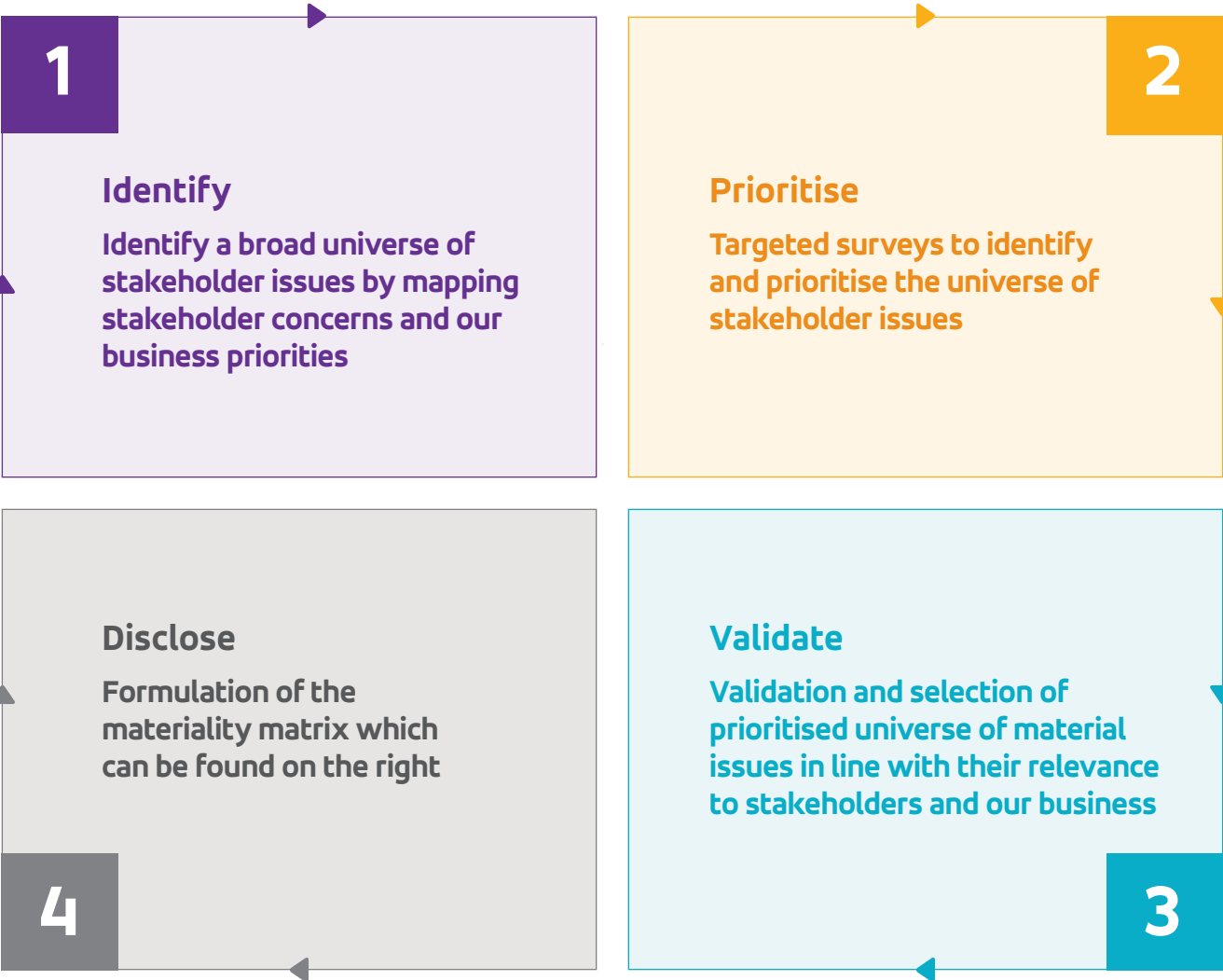
<div><p>Government and regulatory bodies</p><p>Governments and regulatory bodies set and enforce laws, regulations, and policies that govern our business operations</p></div>	<ul style="list-style-type: none">Compliance with all applicable laws, rules and regulationsCollaboration on national agendasInputs for ease of doing business and regulatory reformSupport the Make in India movementAdopting and following sustainable business practices	<ul style="list-style-type: none">E-mails and lettersConferencesIndustry forumsRegulatory filingsMeetings with officialsRepresentations
Linkage to capitals   		

<div><p>Influencers</p><p>Influencers with significant social media followers play a crucial role in engaging with large sections of current and actual customer of our products</p></div>	<ul style="list-style-type: none">Business collaborationValue additionUpgradation of products and offerings	<ul style="list-style-type: none">MeetingsConferencesDigital platforms
Linkage to capitals 		

Identifying material issues

Materiality assessment forms the bedrock of our sustainability strategy, enabling us to focus our efforts and resources on achieving our sustainability goals and creating value for all stakeholders.

Materiality assessment process



Materiality matrix

Relevance to Stakeholders	Very High	
	High	Very High
	<div>1 Supplier Sustainability - ●</div> <div>2 Responsible Supply Chain - ●●</div> <div>3 Local Communities - ●</div> <div>4 Consumer Health and Safety - ●</div> <div>5 Anti-Competitive Behaviour - ●●</div> <div>6 Human Rights - ●●</div> <div>7 Anti-Corruption and Anti-Bribery - ●●</div>	<div>1 Consumer Delight - ●</div> <div>2 Climate Change - ●●</div> <div>3 Financial Performance - ●</div> <div>4 Business Ethics and Corporate Governance - ●●</div> <div>5 Diversity & Inclusion - ●</div> <div>6 Toxic Emissions, Waste and Effluents - ●</div> <div>7 Technology, Innovation and Digitalisation - ●</div> <div>8 Occupational Health, Safety and Well-being - ●●</div>
	<div>1 Industrial Workforce Management - ●</div> <div>2 Policy advocacy - ●</div> <div>3 Product Stewardship - ●●</div> <div>4 Biodiversity - ●</div>	<div>1 Water Management - ●●</div> <div>2 Talent Management and Employee Engagement - ●</div> <div>3 Influencer Management - ●</div> <div>4 End-of-Life Management of Product and Packaging - ●●</div> <div>5 Organisational Resilience - ●</div>
Relevance to Business		

Capitals

● Financial ● Manufactured ● Intellectual ● Human ● Social & Relationship ● Natural

Material issues for FY 2022-23*

Our materiality matrix highlights 24 material issues, grouped into six clusters that are defined by our capitals, and form the basis of our reporting. These issues are also grouped into ESG parameters which is the basis of forming our ESG commitments.

ENVIRONMENT	SOCIAL	GOVERNANCE
<div>1 Climate change</div> <div>2 Toxic emissions, waste and effluents</div> <div>3 Water management</div> <div>4 End-of-life management of product and packaging</div> <div>5 Biodiversity</div>	<div>6 Consumer delight</div> <div>7 Diversity & Inclusion</div> <div>8 Occupational health, safety and well-being</div> <div>9 Talent management and employee engagement</div> <div>10 Influencer management</div> <div>11 Supplier sustainability</div> <div>12 Responsible supply chain</div> <div>13 Local communities</div> <div>14 Consumer health and safety</div> <div>15 Human Rights</div> <div>16 Industrial workforce management</div> <div>17 Product stewardship</div>	<div>18 Business ethics and corporate governance</div> <div>19 Financial performance</div> <div>20 Technology, innovation and digitalisation</div> <div>21 Organisational resilience</div> <div>22 Policy advocacy</div> <div>23 Anti-corruption and Anti-Bribery</div> <div>24 Anti-competitive behaviour</div>

*Very high material issues are highlighted in bold

Overview ESG commitments Fundamentals Strengthening our capitals Statutory reports Financial statements



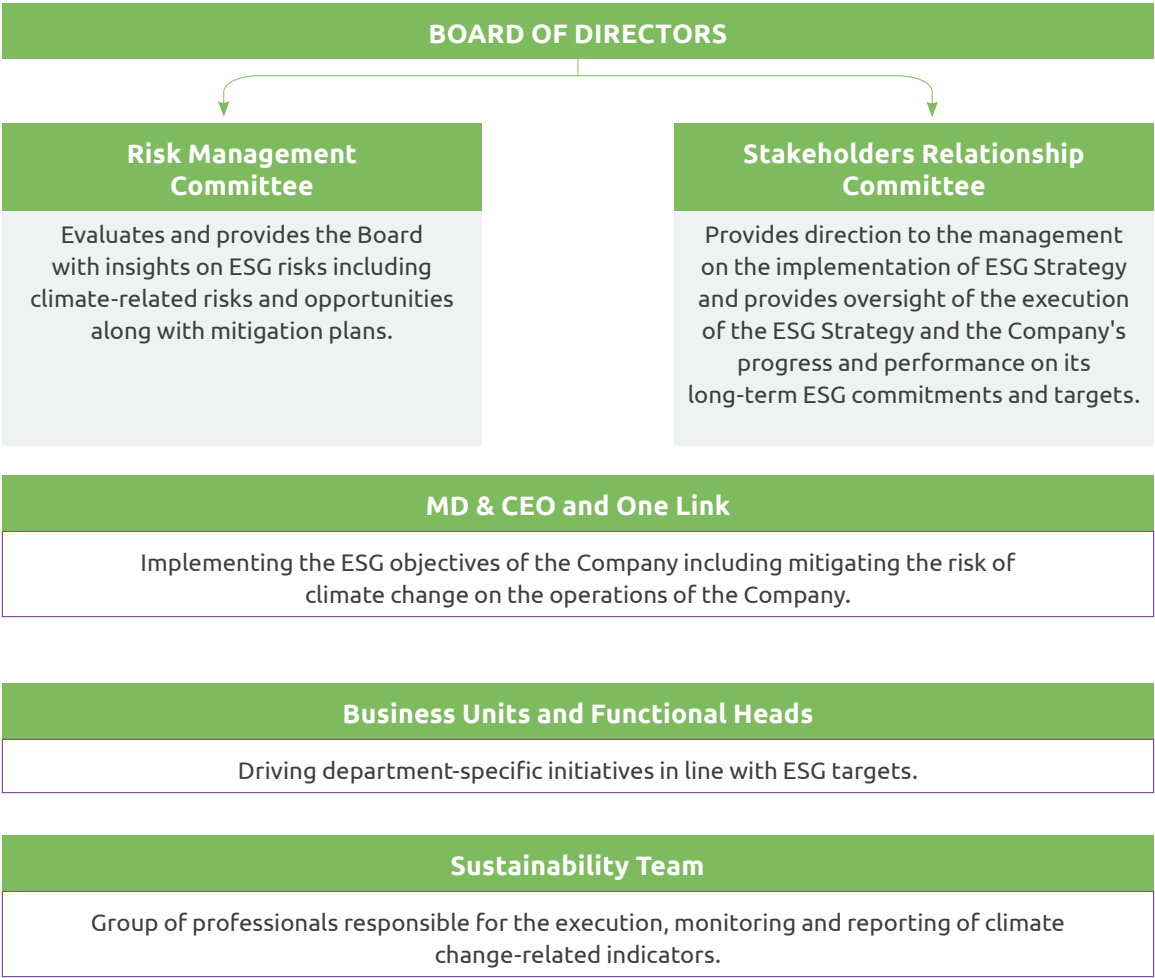
Climate reporting disclosures

We acknowledge climate change risks and are committed to collective action in minimising its impact. By identifying climate trends, assessing their effect on our operations, and implementing risk mitigation plans, we ensure preparedness and seize climate-related opportunities.

Governance

The ESG framework, encompassing climate change impact, is built on a strong governance structure at both Board and management levels ensuring broader cross-functional engagement and effective oversight and execution across the organisation.

We support Task Force on Climate-related Financial Disclosures (TCFD) and have adopted TCFD recommendations to disclose our readiness for a low-carbon economy.



Strategy

We diligently evaluate risk factors that have the potential to significantly and negatively impact our business. Aligning with the recommendations of the TCFD, we have conducted a climate risk assessment encompassing both physical risks and transition risks.

PHYSICAL RISK

The physical risk assessment thoroughly examined both acute risks stemming from extreme weather events and chronic risks arising from long-term climate shifts.

We considered short-term (2030) and long-term (2050) time-frames, using RCP 4.5* and RCP 8.5* scenarios. Key physical risks identified included exposure to cyclone for two sites, exposure to heatwave or rise in temperature and water stress risk for multiple sites. Resilience measures are already part of the design considerations for climate events like cyclones depending on geographical regions. Regarding water risk, our approach focuses on reducing non-process water consumption and promoting the utilisation of grey water across our plants. Additionally, resilience measures have been identified for other physical risks, and their implementation is planned to mitigate anticipated risks.

TRANSITION RISK

The transition risk assessment analysed climate-related risks and opportunities across policy and legal, market, technology, and reputational aspects.

We considered short-term, medium-term, and long-term time-frames. Policy risks included emissions obligations and litigation exposure. Market risks encompassed changing consumer behaviour and the demand for sustainable

A sustainable path forward

We are dedicated to developing future-ready products to cater to the increasing consumer demand for sustainable offerings. Additionally, we actively explore additional avenues for growth. Among these opportunities, we are embracing the potential of green logistics. By leveraging environmentally-friendly logistics practices, we not only achieve cost savings but also contribute to reduced emissions, aligning with our steadfast commitment to environmental stewardship.

products. Technology risks involved transition costs to lower emissions technology. Reputational risk focused on demonstrating a commitment to carbon footprint reduction. We aim to address these risks and seize opportunities in the evolving climate change landscape.

At Asian Paints, we prioritise compliance with existing regulations and maintain agility to swiftly adapt to new legislation. Our dedicated efforts to enhance sustainability performance, product stewardship, and ESG commitments for 2030 position us well in meeting emission obligations, mitigating market risks, and safeguarding our reputation. Through the identification and implementation of the best available technologies, we effectively address potential technology risks.

Metrics and Targets

At Asian Paints, we assess climate-related risks and opportunities using following metrics:

ENERGY & EMISSIONS

- Scope 1 and Scope 2 emissions
- Scope 3 emissions
- Renewable electricity
- Specific power consumption

PRODUCT STEWARDSHIP

- GHG footprint reduction through formulation optimisation
- Circularity in products
- Sustainably advantaged products

WATER NEUTRALITY

- Water replenishment
- Reduction in specific non-process water

NATURE POSITIVE

- Waste and effluent reduction
- Circularity in packaging

*IPCC Representative Concentration Pathways (RCP) | RCP-4.5- Moderate climate change scenario
RCP-8.5-High climate change scenario

Managing risks

In this swiftly changing business landscape, characterised by dynamic customer demands, business risks undergo constant evolution, leading to a significant variation in the emerging risk landscape across industries. At Asian Paints, we monitor emerging risks to assess their short-term and long-term implications.

Risk management at Asian Paints

The Board’s Risk Management Committee, including Independent Directors and Senior Management, adopted a robust framework to monitor and govern risks, ensuring strategic objectives are achieved. Our risk management framework follows best practices using the ISO 31000 framework.

→ Read more about the Committee’s composition on page no. 24

The risk management function, under the Committee’s guidance, formulates policies, identifies risks, and monitors mitigation measures to achieve strategic objectives. Functional Heads are responsible for ongoing implementation.

RISK EVALUATION IS DRIVEN BY

- Financial objectives
- Overall strategy of Asian Paints
- Operations of Asian Paints
- Statutory compliance
- Reputation
- Reporting objectives

We follow a materiality matrix to identify critical risks. Each critical risk has a detailed risk management framework, outlining controls and responsible parties for both overall risk management and individual mitigation plans. Our assessment covers short-term and long-term risks, including emerging areas. Ongoing reviews occur, led by the Risk Management Committee and the Board.

For us, the PESTLE factors (Political, Economic, Social, Technological, Legal and Environmental) continue to present dynamic risks. We successfully manage these risks, turning them into opportunities and strengthening our position.

We thrive in challenging macroeconomic conditions, backed by a resilient product portfolio that spans various price segments. Our adaptable business model allows us to swiftly respond to changing consumer and customer needs during economic downturns. We actively engage stakeholders, seeking sustainable partnerships for mutual benefit.

Navigating climate challenges

During the year, we conducted a climate risk assessment following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We identified the Physical risks using recognised scenario analysis. The transition related risks and opportunities were analysed through sectoral analysis, analysis of policy & regulatory developments, boundary spanning, and interactions with Senior Management at Asian Paints.


The identified physical and transition risks are now incorporated into our Risk Management framework. Depending on the forecasted timing of climate impacts, resiliency measures have been identified to address the impact of these risks on our operations and tap the opportunities presented.





Risk matrix

Following is a summary of key risks we addressed in FY 2022-23 along with the key mitigation measures:










	Strategic	<div>1 People risk</div>	<div>1 Shifting consumer preferences 2 Competition risk 3 Climate risk 4 Reputation risk</div>
		<div>1 Evolving regulatory landscape 2 Process and Product Technology risk 3 Safety risk 4 Fraud risk 5 Statutory compliance risk</div>	<div>1 Counterfeit products 2 Information/Cyber Security risk</div>
Operational		Endogenous	Exogenous













Risk mitigation

MATERIAL ISSUE IDENTIFIED	RISK/ OPPORTUNITY	RATIONALE FOR IDENTIFYING THE MATERIAL ISSUE AS RISK/ OPPORTUNITY	DESCRIPTION	MITIGATION STRATEGIES	FINANCIAL IMPACT (POSITIVE/ NEGATIVE)
<div> Shifting Consumer preferences</div>	Risk and opportunity	Shifting consumer preferences ensure our offerings are in tune with changes in preferences. This can be both a risk and an opportunity for the business to provide differentiated solutions to consumers	Shifting of consumer preferences towards greener products, wholesome solutions, niche products, and a responsible brand	<ul style="list-style-type: none">• Greater focus on differentiated and wholesome solutions and services like Beautiful Home Services• Providing customers with greener products through our range of certified low-VOC products, products with high durability, cool coating, and other Sustainable propositions*• Have a healthy new product pipeline offering value for money or catering to the specific needs of the consumer• Tie-ups to provide consumers a choice among a wider range of products and price points in the décor segment• Aggressively target the home décor and services space for building long-term connect with the consumer• Identify unique products and technologies basis patent landscaping, academic research, and competitor literature for exploration in new product development	Both










Capitals impacted    




Managing risks

MATERIAL ISSUE IDENTIFIED	RISK/ OPPORTUNITY	RATIONALE FOR IDENTIFYING THE MATERIAL ISSUE AS RISK/ OPPORTUNITY	DESCRIPTION	MITIGATION STRATEGIES	FINANCIAL IMPACT (POSITIVE/ NEGATIVE)
 Competition	Risk and opportunity	Risk: Loss of market share on account of increased competition Opportunity: Shift of the unorganised market to brand-based product offerings. Launch of differentiated solutions to consumers	Shift of end-consumers/dealers due to a higher number of choices	<ul style="list-style-type: none">Launch of differentiated products, new variants in our existing portfolio, focus on ease of use as well as differentiated featuresBuilding on current relationships with dealers and ensuring dealer's profitable growthUpgradation of influencers, constant engagement through training, schemes, etc.	Both
Capitals impacted   					
 Climate	Risk and opportunity	Risk: Changes in climate conditions manifest in the form of increased physical and transition risks which if not managed appropriately could impact business operations Opportunity: Minimise negative environmental impact of our operations while maximising the positive impact	Climate change-related impacts on operations	<ul style="list-style-type: none">Identifying and assessing climate-related physical and transitional risks in line with TCFD recommendations.Action on short-term & long-term mitigation plans for addressing the impact of climate change on the operations of the companyInclude climate change in our long-term strategies and decision-making.Focus on energy conservation, improving renewable energy footprint, using alternate water sources, and ensuring water neutrality, emission reduction across operations and logistics, engaging with our suppliers to reduce their emissions*Extended producer responsibility to manage plastic waste*	Both
Capitals impacted  					
 Reputation	Risk and opportunity	Risk: Negative publicity from any news/reports arising out of any act/inaction by the Company Opportunity: To improve brand presence and reputation through proactively managing possible issues	Positive or negative perception about the Company, its products/services which can impact its customers, revenues, liasioning with regulatory bodies etc.	<ul style="list-style-type: none">Active monitoring of feedback on social media and addressing concerns in a timely mannerActively addressing product complaints and creating a delight for the customers at the end of the complaint addressalEnsuring product and service delivery as promisedCompliance with all regulatory normsStrengthening corporate governance norms, including adherence to the code of conduct by all.	Both
Capitals impacted 					

MATERIAL ISSUE IDENTIFIED	RISK/ OPPORTUNITY	RATIONALE FOR IDENTIFYING THE MATERIAL ISSUE AS RISK/ OPPORTUNITY	DESCRIPTION	MITIGATION STRATEGIES	FINANCIAL IMPACT (POSITIVE/ NEGATIVE)
 Evolving regulatory landscape	Risk	Risk: Non – compliances and penalties may result in a direct impact on the operations of the Company and cause financial stress	Changes in existing regulations/ emerging regulations that may have an impact on our operations	<ul style="list-style-type: none">Being the next level in the paint industry (ahead of the prevalent statutes) in India through benchmarking with the best in the worldWell-governed compliance framework and controlsActive engagement with policymakers and trade associations	Negative
Capitals impacted    					
 Process and product technology	Opportunity	Opportunity: Technology is ever-evolving, and such transitions continue to provide opportunities to disrupt the offering to the customer with high efficiency and reliability	Technology as a disruptor continues to be a top uncertainty The digital economy has disrupted the interface of the customer with the industry Product and manufacturing technology continues to provide opportunities to disrupt the offering to the customer with high efficiency and reliability	<ul style="list-style-type: none">Have a robust pipeline of ideas for patenting and implementationRegular benchmarking with global players and international patents in paint and related industriesIdentify players for tie ups on areas where there is a technology gap in the product portfolioConsciously invest in emerging digital technology and create a first-mover advantage with a differentiated offeringScanning and early adoption of efficient and cutting-edge processing technologies	Positive
Capitals impacted   					
 Counterfeit products	Risk	Risk: Counterfeit and duplicate products pose a serious risk to the entire industry causing loss of revenue, poor performance of products, and less reliability of the brand	Counterfeit and spurious products are a global problem of enormous scale, impacting almost every sector, causing significant losses to the industry and the Government	<ul style="list-style-type: none">Work with agencies and local authorities across states to identify and target spurious and counterfeit products manufacturers, including label printers, and conducting regular raids and legal actionAugmenting/Enhancing anti-counterfeit measures in our packaging	Negative
Capitals impacted  					

Managing risks

MATERIAL ISSUE IDENTIFIED	RISK/ OPPORTUNITY	RATIONALE FOR IDENTIFYING THE MATERIAL ISSUE AS RISK/ OPPORTUNITY	DESCRIPTION	MITIGATION STRATEGIES	FINANCIAL IMPACT (POSITIVE/ NEGATIVE)
<div> People</div>	Risk and opportunity	Risk: Attrition of key talent impacting succession pipeline Opportunity: Introduction of lateral talent within the workforce and opportunities for growth to the existing employees	Attrition of key talent impacting succession pipeline	<ul style="list-style-type: none">Identifying and developing the talent pipeline for all individuals in leadership positionRegular engagement evaluation and identification of pain points for employees. Conscious efforts to improve on such identified areasPegging of remuneration and benefits with the industry	Both
Capitals impacted 					
<div> Safety</div>	Risk	Risk: Risk of injury or occupational hazard	The manufacturing operations of the Company require employees to interact with machinery, and material handling equipment which carry an inherent risk of injury and potential exposure to hazardous material/waste	<ul style="list-style-type: none">Adherence to standards pertaining to OHS, the Company's EHS policy, and highest operational standards for handling hazardous materialsContinuous engagement with suppliers for identifying any new threats/better options to mitigate the risksPeriodic risk assessments using quantitative risk assessment and closure of action plans arising out of such assessmentsHaving a comprehensive Emergency response (ERP) in placePlant design to adhere to inherent safe design based on various applicable standards and adopting Process Safety as a disciplined framework and closed loop handling of hazardous materialContinuous progress in the Behaviour Based Safety journey by all plants	Negative
Capitals impacted  					
<div> Fraud</div>	Risk	Risk: Frauds lead to loss of trust within the systems and operations of the Company, loss of revenue	Fraud and hesitation to reporting of frauds	<ul style="list-style-type: none">Revamped Code of Conduct policy in line with best-in-class governance practicesAwareness sessions to encourage reporting of frauds and malpracticesInvestigations and disciplinary actionsStringent action against erring employees/entities involvedStrengthening of fraud detection mechanism and periodic fraud risk assessments (FRA)	Negative
Capitals impacted   					

MATERIAL ISSUE IDENTIFIED	RISK/ OPPORTUNITY	RATIONALE FOR IDENTIFYING THE MATERIAL ISSUE AS RISK/ OPPORTUNITY	DESCRIPTION	MITIGATION STRATEGIES	FINANCIAL IMPACT (POSITIVE/ NEGATIVE)
<div> Information/ Cyber security</div>	Risk	Risk: Loss of sensitive and confidential information and impact on the reputation of the Company	Threats to external cyber-attacks/ hacking and internal leakage/ modification of information/ failure to protect information	<ul style="list-style-type: none">Continuous protection of confidential information across the IT landscapeInvestment in contemporary IT tools to ensure adequate protection of underlying dataPeriodic audits to ensure adherence to the processes	Negative
Capitals impacted  					

* Our efforts towards managing and mitigating our climate-related risks are centred on our approach towards reducing Scope 1 and Scope 2 GHG emissions, reducing value-chain emissions, while building resiliency measures in our operations. The details around our approach and achievements can be referred in the Natural Capital section, highlights¹ are presented below:

- 73.5% reduction in Scope 1 and Scope 2 intensity through 62.2% renewable electricity and 36% reduction in specific power consumption
- Sustainable product offerings – 30 certified low VOC products, 22 products with durability of 5 years or higher, formulation of first-of-its-kind paint – Nilaya Naturals with over 90% renewable ingredients
- 382% water replenishment through our on-site and off-site recharge projects, while reducing our non-process water consumption by 54%
- 71% reduction in specific hazardous waste disposal, 78% reduction in specific industrial effluent generation
- Collection and safe disposal of over 54000 MT of flexible plastics and rigid plastic across 23 states

Our 2025 and 2030 ESG targets, including climate change-related indicators, further our commitment in this area.

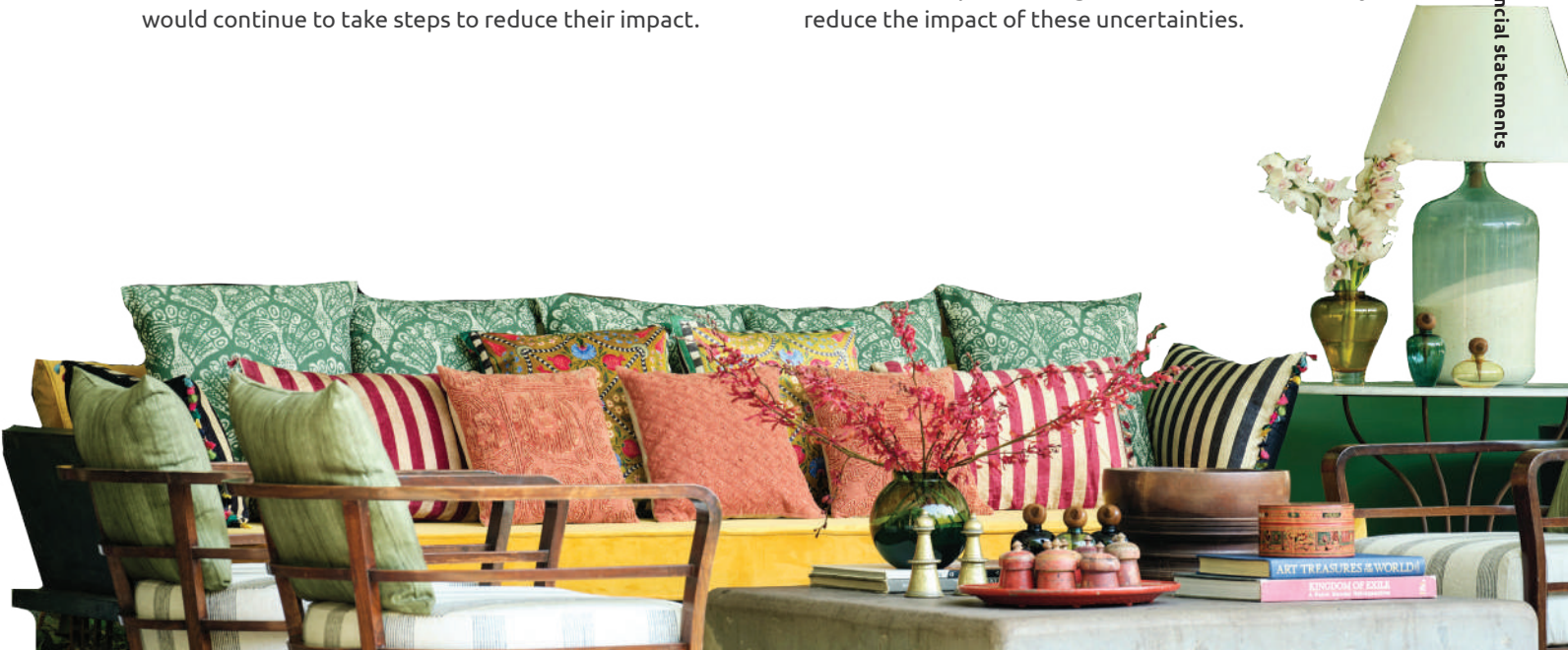
¹Highlights pertain to our paint manufacturing plants, improvements are against 2013-14 baseline year

Residual risks

There are certain remote possibilities that the impact of uncertainties such as earthquakes, acts of God, and macro-economic factors could go beyond the risk appetite articulated by us. Despite best efforts and intentions, these risks would continue to exist, and we would continue to take steps to reduce their impact.

Emerging risks

The Management has identified certain other uncertainties such as supply chain disruptions due to any political/geographical issues in any foreign country and market risks related to e-commerce to name a few. Preventive steps are being taken wherever necessary to reduce the impact of these uncertainties.





Pursuit of inclusive growth

We leverage our capitals to maintain an optimal balance between our objectives of people, planet, and profit. Each of our capitals works in an integrated manner to deliver long-term value creation and ensure the economic sustainability of our organisation in the long run.



STRENGTHENING OUR CAPITALS

62 Financial capital
70 Manufactured capital
78 Intellectual capital

86 Human capital
100 Social and Relationship capital
112 Natural capital



Artist: Paola Delfin
Artwork: Humanity
Project: Mumbai Urban Art Festival, 2022-23



Financial capital

SDGs IMPACTED



Adding robust numbers to our palette

At Asian Paints, we are committed to delivering value in a sustained manner to our stakeholders while pursuing our growth objectives. Our impressive track record of persistent growth and wealth creation attests our efforts. We have strengthened our core business intertwining all our Home Décor offerings, generating strong synergies and supporting our overall strategy of targeting 'share of space' and not just 'share of surface'. Additionally, we have activated some key backward integration initiatives which would not just enhance our product differentiation and cost competitiveness but also drive forward our environmental sustainability agenda.

FY 2022-23 KEY HIGHLIGHTS

19.8% Growth in Revenue from sales	25.8% Growth in EBITDA	33.9% Increase in Dividend
60% Dividend payout Ratio	30.8% Increase in PAT	

ESG STRATEGY

- Energy conservation
- World-class governance
- Ethics, transparency, quality and accountability

KEY MATERIAL ISSUES

- Financial performance
- Business Ethics and Corporate Governance
- Organisational resilience
- Anti-Corruption and Anti-Bribery
- Anti-Competitive Behaviour

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Financial performance

During the year, the global economy faced challenges by the war situation in Ukraine resulting in increased inflation due to its aftermath. The tightening of monetary policy across the globe had its impact on India as well, but the economy exhibited resilience supported by robust domestic consumption and the Government push on infrastructure.

➔ Read more on the macroeconomic landscape and business outlook in Management Discussion & Analysis section in this Integrated Annual Report at page no. 126



ESG integration

We have embedded ESG into all aspects of our business strategy including our investment evaluation process.

ESG-related due diligence is now a key component of our investment process. We conduct this in conjunction with financial due diligence, carefully examining ESG-related implications, compliance issues, regulatory permissions, and social commitments before making investment decisions.

₹ 23.4 Crores

Invested in reducing the environmental impact of products

Creating long-term investor value

Over the past two decades, we have achieved a CAGR of 27.3% in market capitalisation, reaching ₹ 264,897 Crores as on 31st March 2023 from ₹ 2,119 Crores as on 31st March 2003. We are proud of the unwavering faith our shareholders and investors have placed in us, in our growth story by entrusting us with their wealth. We have remained committed to delivering sustained value to our stakeholders.

Over the last 5 years, we have consistently increased our dividend payout-ratio taking it to 60%, a testament to our commitment to sharing our success with our shareholders. We believe in providing sustainable returns to our shareholders by pursuing consistent growth and practising responsible financial management.

Economic value creation*

	(₹ in Crores)	
	FY 2022-23	FY 2021-22
Direct Economic Value Generated[#]	30,596.4	25,640.4
Revenues	30,078.4	25,188.5
Other Income	518.0	451.9
Economic Value Distributed	28,991.5	24,339.9
Operating Costs	23,515.8	20,011.6
Employee Wages and Benefits	1,513.9	1,310.1
Payments to Providers of Capital	2,460.3	1,836.9
Payments to Government [^]	1,424.3	1,110.5
Community Investments	77.2	70.8
Economic Value Retained	1,604.9	1,300.5

[^] It does not include the amount paid by the Company towards Goods and Services Tax (₹ 2,016.9 Crores for FY 2022-23 and ₹ 1,366.4 Crores for FY 2021-22)

[#] Direct Economic Value generated includes financial assistance/grants accrued from Government authorities by the Company in the form of subsidies and export duty credits amounting to ₹ 62.1 Crores for FY 2022-23 and ₹ 119.5 Crores for FY 2021-22.

*GRI 201-1 Direct economic value generated and distributed. | GRI 201-4 Financial assistance received from government

Financial capital

At Asian Paints, we consider payment of tax as an integral element of our corporate responsibility and are committed to being tax compliant. Our responsible tax strategy consists of ensuring compliance with applicable tax laws in India and the countries that it operates in, thereby avoiding tax risks and is aligned to the Company's corporate governance practice and

value system. The Company is present in multiple geographies and through its operations contributes to the community via various direct and indirect taxes and levies. Details of individual jurisdictions' tax positions are made available in the country-by-country reporting as required and communicated by the concerned tax authorities. The Company's position statement on tax governance is available <https://www.asianpaints.com/PositionStatement.html>*

A year of progress

Despite challenges in the external environment, we made broad-based progress on all parameters. We have achieved strong double-digit volume growth in decorative business of 14.1% in FY 2022-23. Our product mix was led by the economy and waterproofing range. The Premium range of products witnessed downtrading on account of the unprecedented price increases we had to implement to counter the runaway inflation in raw material prices.

~10%

Revenue contribution from new products

Our newer acquisitions, White Teak, and Weatherseal, have performed exceptionally well, benefitting greatly from their integration with our Beautiful Homes Stores network. This integration has allowed them to expand their reach and provide enhanced customer engagement.

DYNAMIC AND AGILE FINANCIAL PLANNING

Considering the ever changing macro-economic scenario, since the outbreak of COVID-19 pandemic followed by the Ukraine war and other global challenges, inflationary situations remained unpredictable. To address the issues and prepare better business strategies, we have developed an enhanced digital financial planning process which allows us to build various scenarios and quickly amend the plans in line with changing market conditions.



EXPANSION OF FOOTPRINT

We continued to expand our footprint and over the past year, we added new retail points, allowing us to enhance our distribution reach in rural and urban areas alike, and to serve our customers more effectively.

170,000+

Customers serviced through Safe Painting Service (SPS) and Trusted Contractor Service (TCS)

150,000+

Retail Touchpoints catered

GROWTH FROM PROJECT BUSINESS

We have placed a strong emphasis on project sales, including those derived from factories, government investments, and infrastructure projects. As a result, we have seen excellent traction, particularly as the government increases its investment in infrastructure. Overall, we performed well in terms of project business and experienced significant growth in this segment.

'Share of Surface' to 'Share of Space'

We have experienced significant growth in both value and volume terms. By offering our customers a comprehensive range of products that cover the entire home décor space, we continue to see robust growth across all business segments.

We have boosted growth in rural areas by shifting our strategy towards increasing per capita consumption through the conversion of the distemper market into the economy emulsion sales market.

Our home décor brand, Beautiful Homes, has played a significant role in our transition from a focus on 'Share of Surface' to 'Share of Space' within homes. This year, we have expanded Beautiful Homes' offerings by adding rugs to the décor portfolio in addition to decorative lightings and UPVC windows by acquiring White Teak and Weatherseal respectively. Further, we continue to inspire millions to create their dream homes through our online platform - BeautifulHomes.com which provides insights to emerging trends.



42

Beautiful Home stores

31

Cities

Deriving cost savings and market penetration

Our efforts in optimising product formulations and manufacturing processes have enabled us to stay ahead of the curve and penetrate new markets, particularly in rural areas, and reach a broader range of consumers via multiple retail touchpoints and at the same time optimising the distribution costs that come with penetrating newer markets.

We have continued to invest in research and development and have come up with newer and innovative products that have been offering superior value propositions to the customers which is a clear differentiator.

During the year, we placed particular focus on the manufacturing of new, cost-effective emulsions with reduced monomer components, which resulted increase in margins.

Additionally, we have developed low-cost alternatives for certain categories of resins, reducing raw material costs and achieving significant savings. We maintained our focus on the efficient use of manufacturing plants to optimise operating costs.

In line with this goal, we have planned upgrades to our traditional plants, incorporating newer technologies that will help bring down operating costs.

We implemented an in-house RDP manufacturing set-up and became the first Indian Company to achieve self-reliance in this area. This initiative aligns with the Make in India campaign and grants us greater control over our formulations, paving the way for potential future innovations. We also undertook projects focused on increasing profitability of certain category of products and business segments. We were able to increase the profitability by improving the product mix and reducing the associated overheads.

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Financial capital

Effective working capital management

Effective management of working capital is critical to achieving our goal of maximising returns. We are committed to achieving our cash flow goals, maintaining targeted inventory levels, efficient debtors' management, and optimising payables. By focusing on these key areas, we successfully manage our working capital.

We ensure adequate inventory levels that allow for timely deliveries while also optimising inventory to avoid excess stock and stockouts. We continuously invest in and upgrade our forecasting models to meet customer demand and ensure on-time deliveries and at the same time optimise inventory levels in the system.

During the year, we continued our dedicated efforts to recover overdue receivables, which have yielded significant benefits helping us to minimise bad debts and ensure timely payments.

Considering the expanding dealer base and to better manage the increasing working capital, we explored new avenues to facilitate faster recoveries. We leveraged our banking relationships that helped dealers to avail credit facilities at cheaper cost, thereby managing their working capital and reducing our exposure to the receivables.

Unlocking value with effective capital allocation

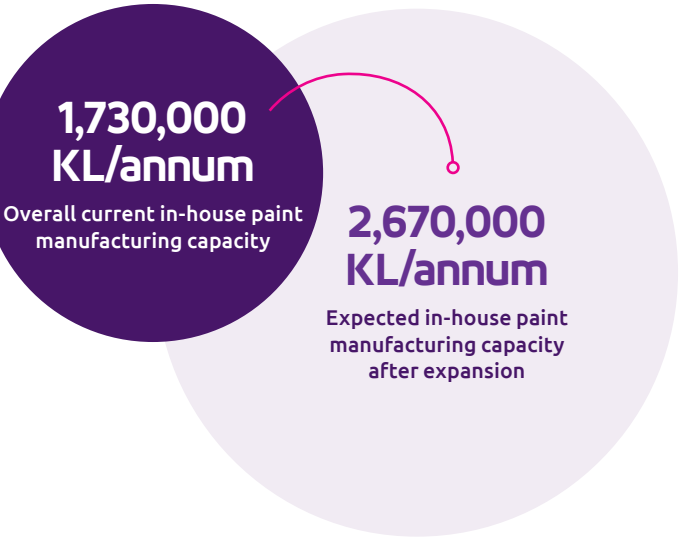
We are currently expanding capacity at our existing plant locations in Kasna, Khandala, Mysuru, and Ankleshwar. These brownfield investments will increase our in-house paint manufacturing capacity by 30%, entailing cash outflow of ₹ 3,400 Crores and support our growth needs for the upcoming years.

In addition to our current expansions, we are also planning a greenfield expansion to support our long-term capacity and growth. This new plant, at an identified location in Madhya Pradesh, will have a capacity of 4 Lakhs KL per annum at a cost outlay of about ₹ 2,000 Crores, bringing our overall manufacturing capacity to 26.7 Lakhs KL per annum.

We will be investing ₹ 2,100 Crores over the next 3 years to establish an installed capacity of 1.5 Lakhs tonne p.a. for VAE emulsion along with 1 Lakhs tonne p.a. for its key ingredient, VAM, making our Company the first in India to invest in such a technology.

The benefits of this technology are manifold, from reducing import dependency to lowering material costs to having greater control over formulations and ensuring product quality. In addition, this sustainable technology entails lower VOC content, which aligns with our Company's sustainability targets.

→ Read more on our capacity expansion plans in Fortifying our leadership on page no. 26



White cement manufacturing is another area of backward integration. For this, the Company has entered into a JV agreement to put up a 2.65 Lakhs metric tonnes p.a. manufacturing facility of white cement in the UAE, which will enable us to cater to a market that is growing at 15-20% per annum.

We have announced another significant investment in nanotechnology by partnering with Harind Chemicals and Pharmaceuticals Private Limited, which is a pioneer in nanotechnology based surface coatings and care. This move provides us with access to cutting-edge technology and use cases, which will enrich our R&D efforts and enable us to offer innovative product propositions, particularly in emulsions and waterproofing. The technology also allows us to reduce our overall raw material consumption, leading to substantial cost savings.

Corporate governance and Stakeholder engagement

Our Code of Conduct for Employees and Code of Conduct for Business Partners sets out guiding principles and expectations. The Code serves as a central policy document outlining the requirements that all individuals working for or with the Company must comply with, regardless of their location or the nature of their operations.

→ Read more about Governance on page no. 40

We are committed to ensure that we do not fall foul of competition law and engage in fair and ethical practices in the market. To this end, the Company has conducted various training sessions for its senior and middle management and for relevant employees in junior management cadre to make them aware of competition law. The training sessions enabled the employees to identify potential conflict, improve their understanding of law and regulation and inculcate a culture of compliance, which will help prevent violation. The Company has strong governance structure and a robust internal control system.

→ For more details refer to Management Discussion & Analysis on page no. 126

Investor engagement

We consider transparency and communication to be essential components of our investor relations strategy. As part of our outreach efforts, we host quarterly conferences for investors and make audio and video recordings, as well as transcripts available on our website. In addition, we actively participate in round table investor conferences, road shows, and investor meetings to engage comprehensively with our investor community. During the year, the Company had 61 such engagements with the investor community.

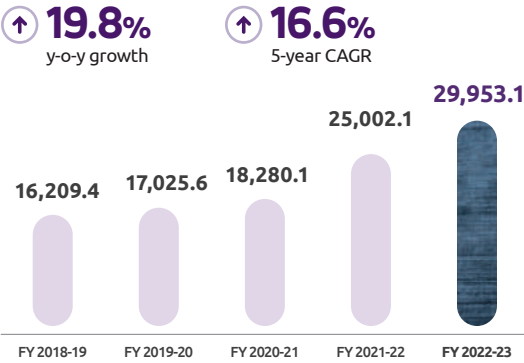


Financial capital

Numbers that make us proud

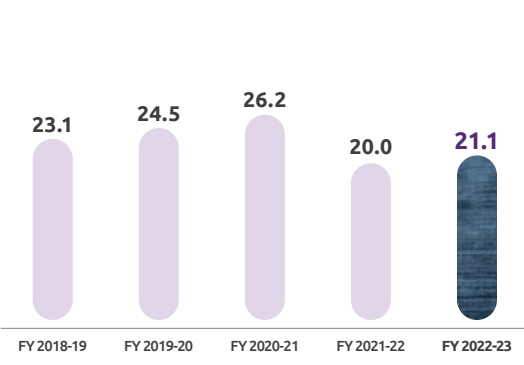
REVENUE FROM SALES OF PRODUCTS AND SERVICES

(₹ in Crores)



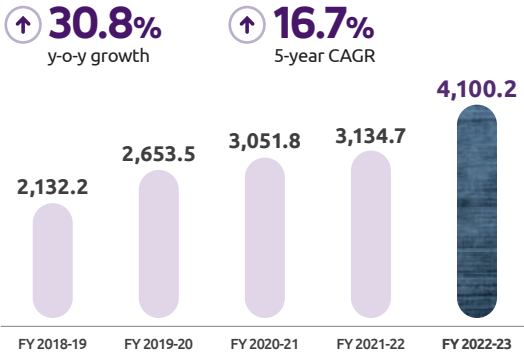
EBITDA MARGIN

(%)



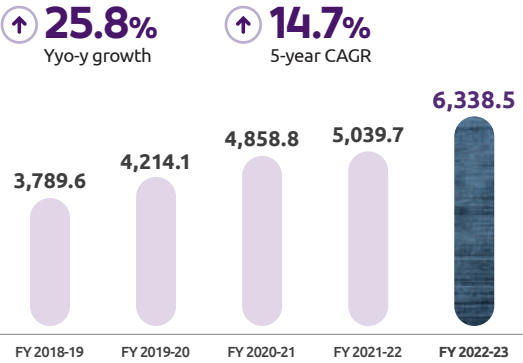
PROFIT AFTER TAX (PAT)

(₹ in Crores)



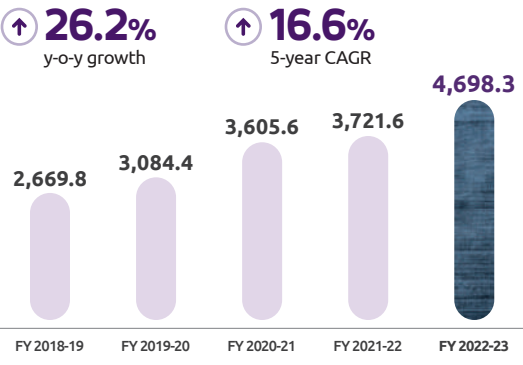
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

(₹ in Crores)



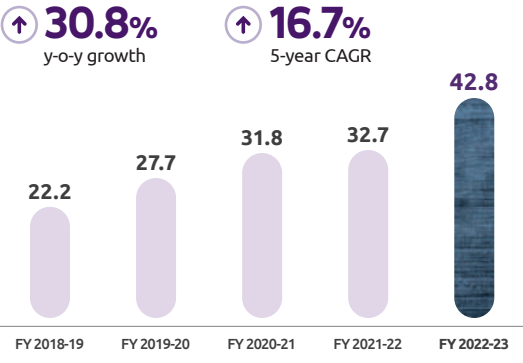
CASH PROFIT

(₹ in Crores)



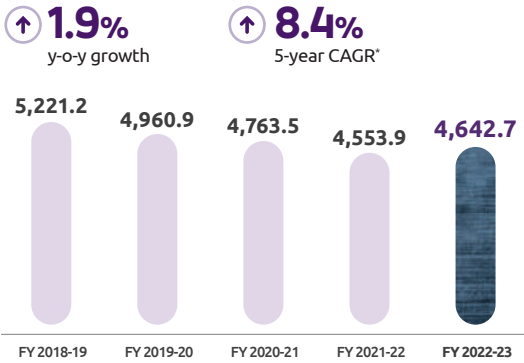
EARNINGS PER SHARE (EPS)

(₹)



NET FIXED ASSETS

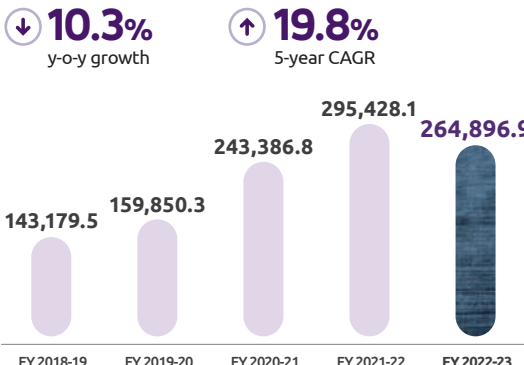
(₹ in Crores)



*FY 2017-18 (base year for CAGR calculation) does not include fixed assets of Mysuru and Visakhapatnam as the plants were commissioned in FY 2018-19 and impact of Ind AS 116 - Leases.

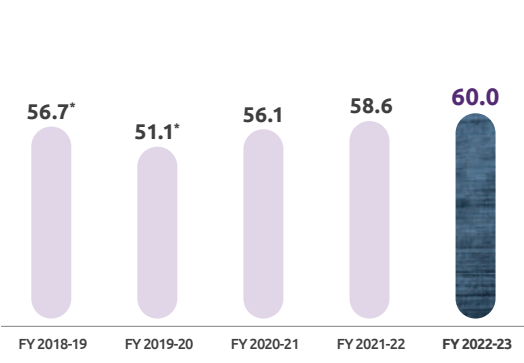
MARKET CAPITALISATION

(₹ in Crores)



DIVIDEND PAYOUT RATIO

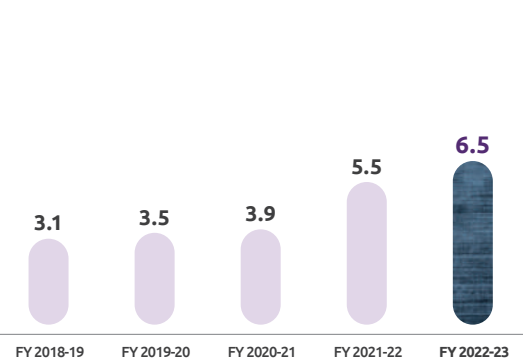
(%)



*Includes Dividend Distribution Tax

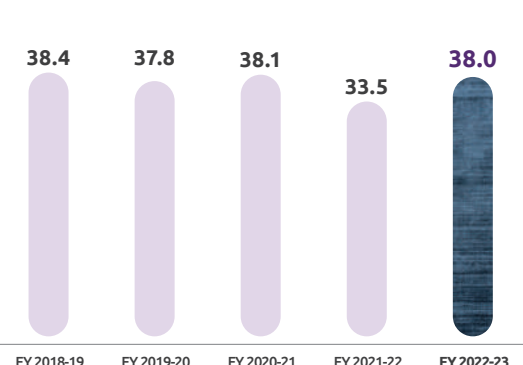
ASSET TURNOVER RATIO

(x times)



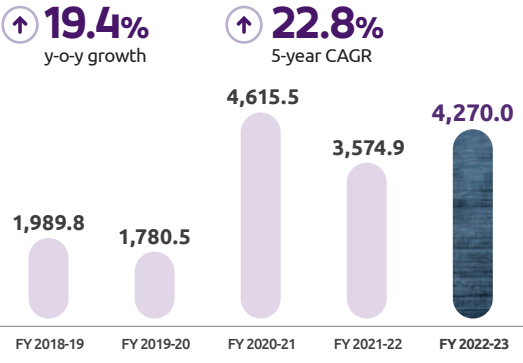
RETURN ON CAPITAL EMPLOYED (ROCE)

(%)



SURPLUS CASH

(₹ in Crores)





Manufactured capital

SDGs IMPACTED



Responsible manufacturing for a resilient future

We adhere to the principle of prudent capital investment to develop a robust manufacturing infrastructure, optimise processes and resources, and scale our operations. Our responsible supply chain embeds ESG targets by conserving water and energy, ensuring resource optimisation, reducing waste, and adhering to safe and sustainable principles.

FY 2022-23 KEY HIGHLIGHTS

130+

Improvement projects across manufacturing facilities

54

Awards for manufacturing sites across various category

3

Manufacturing facilities awarded with the Sword of Honour by the British Safety Council

7,000+

Kaizens/improvement suggestions submitted by employees across all manufacturing sites

ESG STRATEGY

- Energy conservation
- Water neutrality
- Product stewardship
- Nature positive
- Safe workplace
- Sustainable supply chain management

KEY MATERIAL ISSUES

- Climate change
- Occupational health, safety and well-being
- End-of-life management of product and packaging
- Responsible supply chain
- Product stewardship

INTERLINKAGES TO CAPITALS



Financial



Intellectual



Natural



Human



Social

STAKEHOLDERS IMPACTED



Community



Vendors



Employees



Customers

Manufacturing excellence

Our focus on 'Manufacturing Excellence' has enabled us to successfully transform our production processes and establish world-class facilities. Our ability to lead and manage change is a strategic and foundational pillar that allows us to engage, develop, and empower autonomous work teams that are propelling our manufacturing units toward accelerated growth.

We have achieved seamless integration of all 35 decorative paints manufacturing facilities which includes in-house as well as outsourced processing centres.



Aerial view of Khandala plant

1,730,000

Installed in-house decorative paint capacity (KL/annum)

8,760

Penta production capacity (MT/annum)

MANUFACTURING EXCELLENCE HIGHLIGHTS FY 2022-23

- Our focus on empowerment of 40 multi-disciplinary and 135 shift-based teams to drive the excellence initiatives resulted in renewed focus on trainings, recognitions and skilling of workforce.
- Received over 7,000+ kaizen ideas focused on productivity, safety, product quality, delivery, cost, morale, and environmental sustainability.
- Launched a manufacturing excellence programme for our contract partners to join us on the journey toward achieving excellence.
- Completed over 130+ improvement projects across performance parameters which also resulted into direct cost saving.
- Emphasis on the Sort, Set in order, Shine, Standardise and Sustain (5S) methodology has resulted in improved safety, hygiene, asset care, and maintenance while removing multiple sources of contamination.
- Secured the commitment of our unionised workforce to be active participants in our journey towards excellence through the settlement and enrolment of unions across our plants.

CASE IN POINT



Manufacturing excellence in action

Volume Damaged Per Tonne (VDPT) levels at our plant exceeded expected levels, indicating increased damage during transit.

The dispatch team launched an initiative to minimise VDPT numbers in their home state, accounting for more than 40% of dispatches using shorter transportation routes. The team used data analysis and problem solving technologies to optimise routes and cargo security, as well as collaborated with production to improve pail durability during transportation.

The team's exceptional problem-solving skills and commitment to excellence resulted in a 50% reduction in damages and considerable cost savings for us. More notably, the project was completed by a team of junior executives with minimal intervention from management, highlighting the importance of empowering the workforce to foster motivation and competitiveness toward achieving manufacturing excellence.

Manufactured capital

Enhancing our manufacturing capabilities

During the year, we undertook initiatives that improved our manufacturing capacity, flexibility, scalability, safety, and sustainability as well as our processes and practices.

IMPROVEMENT INITIATIVE: DIGITAL

We have launched a program to elevate our manufacturing standards by utilising a digitally integrated improvement solution that implements best practices and streamlines work processes across our manufacturing units.

By doing so, we are confident that we can enhance our manufacturing excellence, improve our overall efficiency, and promote sustainable growth for the long-term benefit of our Company and the environment.

Focus areas

- Reduce material and operational costs
- Implement state-of-the-art manufacturing technologies
- Leverage data analytics



Breaking the mould with cutting-edge technologies

At Asian Paints, our technology and innovation capabilities are significant value propositions that benefit our customers.

Cutting-edge technologies drive efficiencies and cost savings throughout our supply chain. Scalable technology platforms accelerate automation, improve manufacturing accuracy, and reduce waste while increasing production. Our latest technology deployments deliver timely information on material additions and recipe adherence, optimising our manufacturing practices and meeting cost-reduction goals.

The impact of these technologies is tangible, including reduced cycle times, lower energy and material costs, and faster problem resolution. By constantly exploring new technologies, we gain insights into customer behaviour, design better products, and deliver exceptional customer experiences.

The power of digital transformation

We have integrated data analytics solutions across our manufacturing plants, with six plants already utilising diagnostic analytics through advanced Manufacturing Execution Systems and Analytics Cloud integration. During the year, we added data analytics to our seventh plant and have plans to activate the eighth plant next year.

By leveraging data analytics, our diagnostics and higher order predictive analytics have delivered significant savings in FY 2022-23.

ADVANCED WAREHOUSE OPERATIONS FOR OPTIMISED PERFORMANCE

Our distribution network consists of over 160+ warehouses, which allow us to ensure seamless product availability to meet our customers' demands. Our plants and warehouses for decorative products are equipped with cutting-edge technology and operate using advanced robotic warehousing solutions. These solutions are integrated with our ERP system, helping us tackle issues such as overstocking, high operational costs, and losses at the plant level.

160+

Warehouses which are part of our distribution network allow us to ensure seamless product distribution to meet our customers' demands



INVESTING FOR THE FUTURE

We are positioning ourselves in the medium term to meet the needs of a rapidly expanding paints and coatings industry.

We are in the process of expanding our existing facilities at Ankleshwar, Kasna, and Khandala, which are nearing completion. Additionally, our expansion project at Mysuru facility is underway, which is expected to double the plant's annual production capacity from 300,000 KL/ annum to 600,000 KL/annum. This expansion will enable us to meet the increasing demand for water-based paint in the southern part of the country.

We regularly assess our manufacturing footprint and have planned to set up our next greenfield manufacturing facility with an annual production capacity of 400,000 KL. We are in the process of setting up the said facility in the state of Madhya Pradesh.

→ For details of the initiatives undertaken by us for environmental linked ESG strategies, please refer to the Natural Capital section of this Integrated Annual report on page no. 112

CASE IN POINT

GREEN MANUFACTURING

Hazardous waste reduction

As an environmentally responsible Company, we had set an ambitious target of reducing our waste footprint to near zero by 2025 which would be a reduction of a staggering 60% starting from FY 2019-20.

In line with our commitment, we have leveraged new technologies with a focus on reducing waste at the source, implementing process changes benchmarked against industry best practices, upgrading existing equipment with modern/latest technology and strategically building newer setups with minimal waste footprint. This was how we combined technology with the 3R principle of Reduce, Reuse, and Recycle.

As a result, we made significant progress against this target and reduced our waste footprint to 0.77 KG/KL.

Manufactured capital

Sustainable supply chain*

As Asian Paints, we have been working closely with our suppliers to identify and minimise supply chain risks in order to ensure secure and sustainable supply to our customers. Supplier management programs are in place to drive continuous improvement of existing supply chain and develop meaningful collaboration opportunities.

We have deployed a well-defined stage-gate process for evaluation and onboarding of prospective suppliers which assesses and addresses all techno-commercial aspects. As part of the evaluation, suppliers are assessed on legal compliance as well as critical social and environmental criteria such as comprehensive environmental policy, implementation of the management system as well as self-declaration on key Human Rights.

We have in place a Code of Conduct for Business Partners that sets our expectations from suppliers in terms of their Environmental, Social and Governance performance among other matters. During the year, guided by the Code of Conduct for Business Partners, we have enhanced and formalised our Sustainable Supply Chain Framework, setting out our approach, expectations, process and promises towards sustainability in the supply chain. We have also established a Responsible Procurement Policy to guide our internal procurement decision-making process in line with the code of conduct.

Further, our top suppliers representing more than 50% of the raw material procurement by value are certified to be compliant with social and environmental standards such as SA 8000, ISO 14001, OHSAS 18001/ISO 45001, EcoVadis (bronze or higher) or any other relevant labels.

~71.1%
Procurement from local suppliers#

All purchases of materials within the geographical location of India have been considered as local.



Sustainable Supply Chain	
Areas	Process
All suppliers	Acknowledgement of Code of conduct for Business Partners ESG criteria in new supplier screening ESG disclosure
Critical suppliers	Comprehensive site assessment Capturing environment performance data
Foundation: Code of Conduct for Business Partners & Responsible Procurement Policy	

For the purpose of assessment under this framework, we have we have adopted a two-tier approach to effectively drive sustainability and address risks:

- All suppliers:** This represents all business partners with whom we have a business relationship.
 - We expect all our suppliers to acknowledge our Code of Conduct for Business Partners. By 30th April 2023, 1,279 existing vendors have acknowledged the policy which includes more than 65% of raw material suppliers by value.
 - Environmental & social criteria are part of suppliers screening process.
 - Suppliers’ disclosure of ESG criteria and performance or leveraging intelligence tools to assess suppliers on social and environmental standards based on information available in public domain.

- Critical Supplier:** This represents the business partners which fall in the top quartile (75%) of value by spend or suppliers having significant ESG footprint
 - Critical suppliers are expected to undergo comprehensive ESG assessment which may include comprehensive site visits. We intend to assess 20% of the total critical suppliers in FY 2023-24.

Our Sustainable Supply Chain framework will help us assess maturity of our strategic and critical suppliers as well as progression of all our suppliers on the sustainability journey, and shall pave way for collaboration with suppliers.

100%
of our new suppliers are screened using
Company's Environmental and Social criteria**

From road to rail to sea:
Sustainable logistics

To ensure a sustainable transportation system and optimise costs, we have adopted an innovative approach. As the national logistics policies gained traction, we swiftly adopted multimodal transportation and worked toward a greener supply chain.

We collaborate with leading FMCG/FMCD industries for load pooling and reverse logistics synergies. To increase supply chain agility and responsiveness, we track our finished goods trucks and have modified our planning engine to predict market changes more accurately and supply materials more efficiently.

These efforts have led to significant results including freight cost savings, while reducing Scope 3 GHG emissions. These initiatives saw us bagging awards in the categories of ‘Innovator in Supply Chain’ and ‘Excellence in Transport Optimisation’ in the “Future of Logistics and Supply Chain Excellence Awards, 2022”.

Outsourced Processing Centres (OPCs)

To meet the ever-increasing demand, we use facilities of 27 OPCs for flexible production support. We also have tie-ups with 33 OPCs for procurement of certain products to meet this growing demand.

Quality, timely delivery, and reasonable prices are our top priorities, and we implemented a rigorous quality assurance process to ensure standards are being met.

It was ensured that such products were delivered to us on a timely basis and at reasonable prices. Strict adherence to quality standards was ensured through quality assurance by our personnel.

Supplier's training and development

We are dedicated to empowering our value chain partners to build capacity and grow alongside us as we expand our footprint and business.

Through training and upskilling courses, supplier meets, forums, and seminars, we collaborate closely with our vendors. By investing in our partners' development, we strengthen relationships and create a mutually beneficial ecosystem that fosters trust, transparency, and collaboration throughout our value chain.

Quality control throughout the supply chain

Our R&T and Corporate Quality and Safety teams rigorously assess social, legal, and environmental compliance throughout our supply chain. We regularly evaluate and rank our suppliers based on their performance in quality, delivery, price competitiveness, and collaboration on initiatives ranging from material innovations to logistics.

We are dedicated to empowering our value chain partners to build capacity and grow alongside us as we expand our footprint and business. Through training and upskilling courses, supplier meets, forums, and seminars, we collaborate closely with our vendors.

*GRI 2-6 Activities, value chain and other business relationships
*GRI 204-1 Proportion of spending on local suppliers

**GRI 308-1 New suppliers that were screened using environmental criteria
GRI 414-1 New suppliers that were screened using social criteria

Manufactured capital

Supplier evaluation

At Asian Paints, selecting the right partners is crucial to achieving our business objectives, fulfilling our social and environmental commitments, and ensuring the sustainability of our Company.

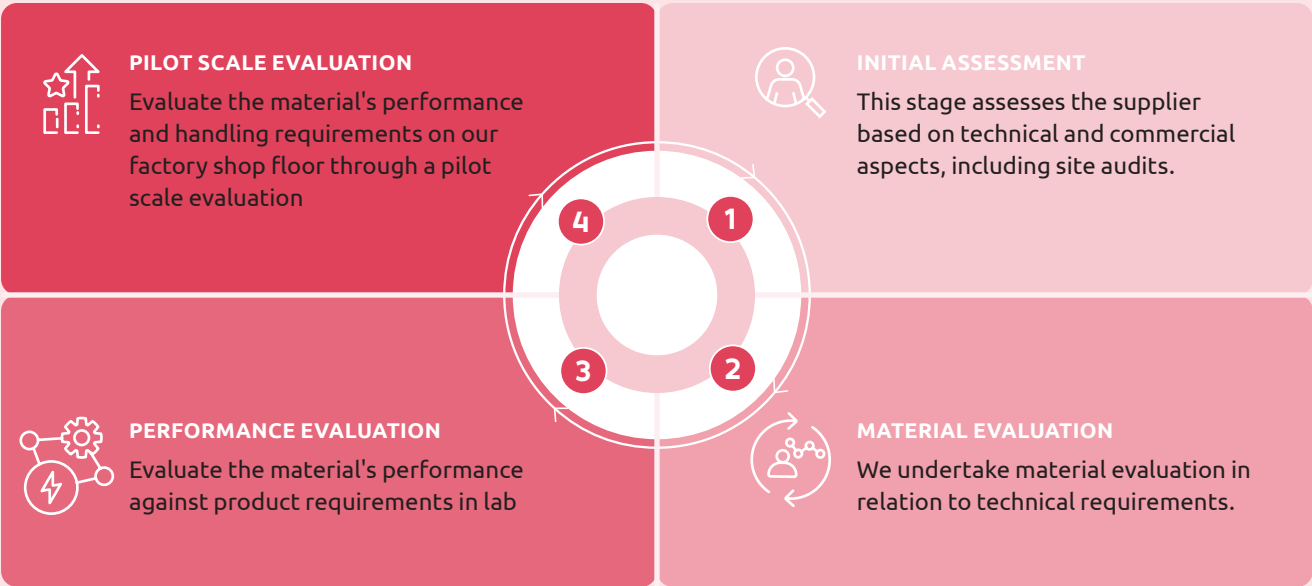
Asian Paints has a Code of Conduct for Business Partners. This requires Business Partners to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations.

All Business Partners are expected to meet the requirements of this Code.

In addition, the Company’s business associates (vendors and dealers) affirm their commitment to comply with applicable regulatory requirements, including but not limited to, prohibition of child labour and prevention of sexual harassment of women at workplace, by submitting declarations during their onboarding process.*

During the year, 98 suppliers were onboarded based on the evaluation. Once onboarded, the suppliers are routinely assessed and ranked. Business to these suppliers is awarded the basis of their performance with respect to quality, delivery, price competitiveness and collaborative working on various initiatives ranging from new material innovations and logistics.

To ensure that we choose the best possible material and business partners, we use a well-defined process as below:



Supplier engagement and recognition

We prioritise maintaining open communication with our suppliers to address any potential roadblocks that may hinder our ability to create long-term, sustainable value. We recognise and acknowledge exceptional supplier performance through various means such as certificates of recognition, a higher sourcing preference, and opportunities for further collaboration.

MEETS ORGANISED IN FY 2022-23

With the challenges posed by the pandemic in the past two years, we made a concerted effort in FY 2022-23 to engage in collaborative partnerships with our vendors.



PACE
Partners Affiliating for Collaboration & Excellence

Celebrating shared success and discussion on best manufacturing practices.

27
Outsourced processing centres



SAHYOG
Transporters' meet

Emerging transportation trends, the impact of the National Logistics Policy, and the importance of collaboration.

75
Transport partners and associated Company personnel



PAGON'22
Packing material partners meet

Asian Paints' past journey and the vision of packing materials domain for the future.

93
Packing material business partners

Occupational health and safety at our warehouses and depots**

At Asian Paints, the safety of our employees is our top priority. We have implemented strict measures across all our warehouses and depots to ensure compliance with statutory requirements, electrical safety, fire safety, man-machine interface, material handling equipment, racking, and visual management. We continuously strive to adopt world-class practices at our plants to improve safety levels, enhance quality and deliver superior products in a timely manner.

To improve warehouse safety standards, we have made significant engineering innovations, including the installation of fork cameras. We celebrated the road safety awareness week to educate employees about the importance of road safety.

Additionally, we have tied up with hospitals around all our warehouse locations through external agencies to ensure that our employees and workers receive immediate medical attention in case of emergencies.

We understand the importance of safety and are committed to creating a safe work environment for all our employees. Our efforts towards occupational health and safety at our warehouses and depots are ongoing, and we will continue to strive towards achieving the highest safety standards possible.

WAY FORWARD – HOLISTIC IMPROVEMENT

We are committed to embracing new technologies and institutionalising data analytics in all aspects right from product development to manufacturing and supply chain. We will continue to lay focus on process improvement and implementing the latest technologies while ensuring to deliver quality to our customers.

*GRI 408-1 Operations and suppliers at significant risk for incidents of child labor
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

**GRI 403-1 Occupational health and safety management system



Intellectual capital

SDGs IMPACTED



Innovation for good

At Asian Paints, we leverage our technological edge and make strategic investments to drive operational efficiencies and deliver superior, sustainable, and safer products. Intellectual capital is critical in improving customer satisfaction and creating greater value for stakeholders.

FY 2022-23 KEY HIGHLIGHTS

22

New products launched

25

Patents filed

₹ 108.0 Crores

Spend on Research and Development

₹ 83.2 Crores

Spend on Information Technology



ESG STRATEGY

- Product stewardship
- Sustainable supply chain management
- Nature positive

KEY MATERIAL ISSUES

- Technology, innovation and digitalisation

INTERLINKAGES TO CAPITALS



Financial



Manufactured



Human



Natural



Social

STAKEHOLDERS IMPACTED



Customers



Vendors



Employees

Research & Development (R&D)

At Asian Paints, culture of innovation runs deep. Our R&T group is a highly innovative team working on developing technical capabilities, technology platforms and products that cater to the aspirations of all the stakeholders.

This year the team has taken significant initiative in developing innovative products and providing environmentally sustainable solutions to customer's needs. The team has also geared up quickly to give impetus to the Company's forays in backward integration.

We have a dedicated Research and Technology (R&T) team with 240+ world-class scientists who are experts in polymer technology, formulation development, and characterisation. Our agile and responsive experts are changing the game for paint development and testing, with the aim of pioneering solutions for architectural, industrial, and other applications.

240+

Scientists

9

Breakthrough products

The commitments taken under ESG form an integral part of our thinking which enables us to reduce the environmental impact arising out of our products. Active work is happening in the space of product stewardship which includes higher share of biodegradable raw materials and reduction of hazardous substances from raw materials through various initiatives in consonance with the supply chain teams. The organisation is committed to progressively move towards circular economy and has taken objective to increase renewable content in the product offerings. This is a challenging goal considering the fact that coating industry largely depends on fossil fuels and minerals.

→ Our specific initiatives are reflected in Manufactured and Natural capital on page no. 70 and 112 respectively

Technology Council

The Technology Council, comprising four eminent external experts with diverse backgrounds and experience in coatings research for all category of paints, nanotechnology, organic chemistry, preparation of hyper-branched polymers, such as polyurethanes, polyesters, etc. amongst others, guides our R&T team on its endeavours and future roadmaps. This council aligns our strategy with our long-term goals and sustainability targets, ensuring we stay on track to create a better future.

Sikshalaya – Asian Paints Training Academy

Sikshalaya organises workshops on specific technical areas relating to paints and coatings technology benefitting multiple researchers. Additionally, we also introduced a foundation course on the Fundamentals of Paints and Coatings this year, which has enhanced the knowledge of paint technology amongst our researchers.

Using Life cycle analysis (LCA) to craft sustainable products

We have invested in advanced LCA technology to estimate product carbon footprints and environmental impact. 16 scientists from our R&T team has received effective training to utilise this software to its fullest potential.

Going forward, every new Asian Paints product will undergo LCA assessment to identify potential environmental impacts and address any gaps prior to its market release.

Intellectual capital

BRINGING IDEAS TO LIFE WITH PRODUCT DEVELOPMENT

Our R&T team follows breakthrough project methodologies to lead innovative product development. Our process begins with envisioning products that exceed customer expectations, identification of optimal raw materials and additive through robust gate management process and scientific techniques which enable to manufacture world-class quality products. All new products undergo stringent impact assessment processes to ensure minimal impact on human health and the environment.

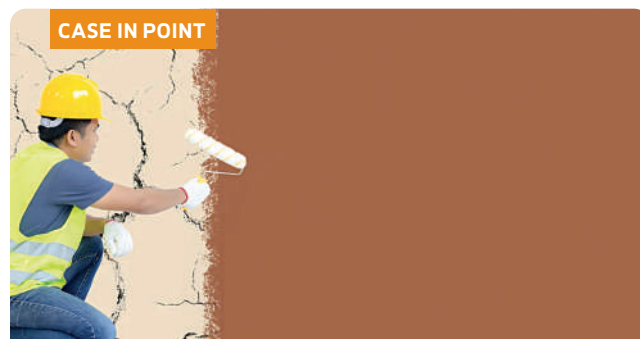
22 new products were launched in the architectural paints, building chemicals, and adhesives segments.

Moving forward, our innovation strategy will prioritise:

- Developing new coatings and finishes with unique properties like anti-graffiti, anti-fungal, and anti-corrosion capabilities
- Exploring new application methods, such as spray or roller-free applications, to streamline the painting process
- Transitioning to a circular economy by increasing the proportion of renewable raw materials in our products

Strengthening our innovation leadership

During the year, we completed 10 innovation projects that were initiated as part of Project Nexpedition to expand our product portfolio and features, as well as improve the aesthetics and durability of substrates. The new capabilities developed through these projects will foster innovation in waterproofing, construction chemicals, decorative paints, and industrial coatings.



Srijan Innovation Programme: Developing new products for the future

The Srijan innovation programme yielded six new challenging projects, resulting in the development of variants of

- premium exterior topcoats,
- interior and exterior waterproofing solutions,
- cement putty,
- glossy water-based wood finish,
- premium all-weather wood adhesive, and
- speciality additives.

Building on the legacy of successful products developed as part of Srijan, the organisation has decided to take up development of another set of innovative products in the area of exterior topcoat, waterproofing, interior topcoat, wood finish and functional interior product.

INTELLECTUAL PROPERTY

Our sustained success in the business and our leadership in the industry are the direct results of our unwavering commitment to deepening our research and innovation in product and process development.

We have a dedicated team that identifies, protects, and commercially leverages these assets, which include patents, trademarks, and copyrights. We have an active programme to monitor and enforce our intellectual property rights and initiate legal action against infringements, if necessary.

49

Patents granted till date
10 added in FY 2022-23

Recognised by the FICCI with the

Product innovator of the year award

For our unique product – SmartCare Hydroloc



PRODUCT SAFETY

One of our focus areas is reducing or eliminating harmful chemicals from our products. We ensure that our products meet or exceed industry standards for Volatile Organic Compounds (VOC) emissions, which can harm human health. We also invest in training and awareness programmes for all employees so that they are aware of potential safety hazards and how to mitigate them.



BUILDING A SAFE & LOW-VOC PAINTS PORTFOLIO

In keeping with our ESG commitments, we are adopting circular economy principles by integrating renewable materials, phasing out fossil fuels, and producing sustainable, low-VOC paints to create a safer environment.

Currently, we are evaluating paints made of natural ingredients or recycled materials like plant-based resins or recycled plastic. Our plans also include the development of smart paints that have unique properties and are anti-bacterial, anti-viral, and anti-microbial paints.

Staying ahead of the curve

The R&T and Corporate Quality & Safety teams engage with regulatory organisations to stay informed about upcoming chemical regulations, usage restrictions, and classification changes.

Intellectual capital

Information Technology (IT)

We are committed to investing in new and upgraded technology solutions to facilitate effective collaboration, generate valuable insights, improve efficiencies, and deliver immersive customer experiences. To achieve these goals, we are exploring ways to incorporate advanced automation and robotic technologies into our manufacturing processes to boost efficiency and minimise waste.

IT FOCUS AREAS

- **Creating data lake**
IT-enabled platforms empower our employees to utilise data lake which helps leverage on common data points.
- **Enhancing customer experience**
Through data analytics, we gain valuable insights into evolving customer preferences and behaviours, allowing us to customise our products and services to their needs.
- **Improving supply chain effectiveness**
With a robust technology framework, we efficiently manage our supply chain, guaranteeing that products are available in the appropriate quantities and timeframes.

Optimising resource allocation through automation

Continuing our journey of automation, we have implemented automation in areas like paint mixing, packaging, and labelling, to optimise resource allocation and improve efficiency and productivity.

As a result, we have been able to increase our output while reducing our environmental impact. By optimising resource allocation, we have freed up resources to focus on critical areas like product development, innovation, and marketing.

IMPROVISING RESILIENCE

As we accelerate technology adoption across our operations, we are taking proactive measures to enhance the resilience and security of our IT systems.

Upgrading IT infrastructure

IT Infrastructure majorly includes data center, cloud and network services. Our focus has always been around ensuring agile provisioning of requests and consistent availability of services. Multiple upgrades were carried out this year which included hardware set-up for replacing support servers and migrating around 400+ virtual machines to new servers without any downtime.

Security

A security-first approach to IT management guides our endeavours to adopt advanced security solutions. Security audits and penetration testing are carried out regularly to identify vulnerabilities and mitigate risks.

Hybrid cloud solutions

We have adopted a hybrid cloud approach, wherein decisions regarding deployment of technology solutions are evaluated on case to case basis with the key focus being on achieving scalability, flexibility and cost-effectiveness.

ISO 27001 certification

Information security management system

We have adopted an Information Security Management System (ISMS) framework based on the ISO 27001 framework. Our IT Operations, and the Applications developed for the Asian Paints Group, are certified for the ISO 27001:2013 Standard. This provides an assurance that we have implemented reasonable security practices for our IT Operations used to provide services to our internal and external stakeholders.

DIGITALISATION FOR BUSINESS EFFECTIVENESS

Since the last few years, there has been a huge focus on crafting immersive and cutting-edge customer experiences across all customer points, with the intent of creating seamless, consistent and personalised experiences for our customers all across through the usage of smart business insights developed through implementation of analytical tools.

At Asian Paints, we prioritise comprehensive digitalisation to align with global trends, catering to customers in a connected world, and expanding our market reach. Using design thinking, we better understand our customers' emerging needs, challenge the status quo, and test solutions before deploying them at scale.

DIGITAL SOLUTIONS AT ASIAN PAINTS



Beautiful Home Stores and Beautiful Homes Service

A phygital end-to-end décor service



E-commerce platform

Online platform for customers to buy paints and related products



Colour with Asian Paints

A mobile application that allows customers to select paint colours using their smartphones



Digital Supply Chain Management

Helps us manage inventory, track shipments, and optimise logistics

BUSINESS INTELLIGENCE AND ANALYTICS

We have been on the path of transforming the organisation into an Insight Driven Organisation (IDO) wherein employees take superior decisions by leveraging the new age Artificial Intelligence (AI) / Machine Learning (ML) techniques in Analytics.

The work themes for the year have been around leveraging advanced analytics, launching certain key AI / ML based scenarios and improving the productivity through automated reporting.

ADVANCED ANALYTICAL TOOLS IN VARIED FUNCTIONS

Manufacturing

Our initiatives include usage of advanced analytics in manufacturing plants for predictive / prescriptive analytics in getting formulations RFT (Right First Time) and tinting of solvents.

Record to report

Applications have been launched for automating and streamlining certain aspects of the record to report process within financial reporting process. Extraction of data points from Enterprise Resource Planning has been automated and transformed into formats required for statutory reporting.

CORE BUSINESS TRANSACTION SYSTEMS

At Asian Paints, the "digital core" domain includes all core transaction systems running on multiple ERP systems (SAP S/4 HANA, SAP B1), along with the associated extensions and human-to-system workflows. It also includes modules for Order-to-Cash, Procure-to-Pay, Core Financial & Master Data processes.

During the year, they were upgraded to SAP S/4HANA system to the latest version, which helped us increase the footprint of digital processes.

Intellectual capital

STRENGTHENING SUPPLY CHAIN TECHNOLOGY INFRASTRUCTURE

Our Company has taken a concerted approach to utilising data, which has improved the standard of decision-making. As part of this process, control tower introduced in FY 2021-22 continues to make the supply chain more flexible and agile for various manufacturing, planning and distribution teams.

During the year, the Next Gen supply chain initiatives focused on optimising deliveries, improving supply planning, and reducing non-value-added (NVA) activities for planners.

CASE IN POINT

Driving efficiency in deliveries

The Truck Load Builder solution powered by SAP Transportation Manager was released to select plants which optimized deliveries to improve critical volume dispatch. Demand driven prioritisation of stock transfers based on daily sales helped in reducing stock-outs and eliminating daily dispatch runs.

CASE IN POINT

Streamlined bath business: A cutting edge supply chain solution

New supply chain planning solution was developed for the bath business which helps decide the production plans between multiple plants basis availability of inputs and other resources eventually leading to optimisation in stock levels. The model used heuristics production planning which handles complexities of cross flow, production split, sourcing and tax benefit basis pegging methodology.

FRONT LINE SALES TEAM

At Asian Paints, we are focused on automating our front-line sales processes to make them more efficient and drive better customer interactions.

The initiatives for front line sales are largely around automation, thereby enabling frontline teams (B2B and B2C) to work efficiently, collaborate seamlessly and drive better customer interactions, through easy-to-use interfaces, well integrated systems, scalable and intelligent technology solutions - Core Business Transaction Systems.

CASE IN POINT

TATPAR application empowers customer support

TATPAR, an application launched last year, modernised customer support, optimised field service, and offered seamless customer experiences. This was extended to other service lines viz. Safe Painting Services, Beautiful Home Stores, Bath, etc. Additional initiatives included scaling up of B2B CRM platform for Indian group companies and introduction of Customer Relationship Management for International subsidiaries.

PARTNER ECOSYSTEM

We have introduced digital platforms for our partner ecosystem which includes dealers, contractors, carpenters, and vendors, to provide seamless experiences to end customers.

During the year, we focused on enabling capabilities in Décor business. This included:

- Recommendation engines for dealers
- Loyalty management programs for contractors
- Seamless flow of leads to partners
- System integration with partners for supply tracking and payables automation
- Portal and application for the fabric network

EMPLOYEE EXPERIENCE

Our strategy around employee experience continues to be centred around providing intuitive solutions which impact the different stages of the employee life cycle right from onboarding till offboarding. Platforms for employee experience measurement were also launched in the current year which included engagement surveys and lifecycle surveys.

In continuation to our initiatives around digitalisation of employee reimbursement, we have now automated controls to enable touch-less settlements and expanded the footprint of Optical Character Recognition (OCR) enabled claims processes. Self-service booking for employees has been extended to hotels as well, which was already existing for flights and local conveyance bookings.

→ For more details, turn to Human Capital on page no. 86

CASE IN POINT

Strengthening the recruitment process

During the year we invested in new recruitment platform which had integrated Application Tracking System (ATS) which created opportunities to automate manual processes, increase visibility into the hiring cycle for the entire recruiting team, and improved communication throughout the candidate journey. Machine Learning techniques were also utilised for resume parsing to improve efficiency of sourcing.





Human capital

SDGs IMPACTED



Driven by care and empathy

Our evolution into India's leading paints company over 80 years is attributed to the creativity, dedication and perseverance of our people. Strengthening our human capital is vital to our growth strategy which is achieved by offering a free, fair, and safe workplace that fosters inclusivity, encourages innovation, and empowers employees through learning and development initiatives. Our principles of care and empathy guide us in every action we take, prioritising employee well-being and growth at every stage of their journey with us.

FY 2022-23 KEY HIGHLIGHTS

32,036

Employee strength inclusive of permanent and temporary employees

110,000+

Training hours on skill-upgradation and health & safety

100%

Employees paid above notified minimum wage rate



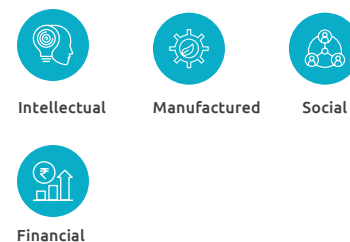
ESG STRATEGY

- Energising, equitable and inclusive environment
- Safe workplace
- Ethics, transparency, quality and accountability
- World-class governance

KEY MATERIAL ISSUES

- Diversity & inclusion
- Occupational health, safety and well-being
- Talent management and Employee engagement
- Human rights
- Industrial workforce management

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Energising, equitable and inclusive work environment

BUILDING A STRONGER WORKFORCE THROUGH LEARNING AND DEVELOPMENT

For Asian Paints, it is a strategic imperative to build a pool of leaders and ensure seamless succession planning across the Company. Our philosophy is to create 'Leaders for Life' by facilitating all-round, holistic development that enables personal and organisational effectiveness. Our robust framework of leadership development programmes allows us to groom our employees to enhance capabilities, enable readiness to lead high-performance teams and steer the organisation into our next phase of evolution.

Strategic People Agenda

- Strengthen leadership and succession through precision talent management.
- Strengthening new organisation structure and support new acquisition.
- Movement of talent across verticals through institutionalisation of a democratic process.
- People collaboration and engagement.

Strategic leadership programmes

We have rolled out several learning programmes for leadership development of senior and middle management:

Senior management

Our Company is dedicated to enhancing the skills and perspectives of our top management and functional heads by offering three leadership development programmes:

- An immersive learning experience tailored for our **top management**, which includes exposure to diverse industries and coaching from globally renowned coaches.
- **Programme for CXO-level leaders** which provides best-in-class functional programmes from globally recognised institutions.
- **Explorer series programme** which helps business leaders build their external perspective on business strategy, inclusive culture building, innovation, and finance.

Middle management

Our Company has put in place specially designed development programmes for our middle management to enhance their managerial and leadership potential. The following programmes have been implemented for our middle management employees:

- Launched an **inclusive conversation programme** based on collaboration index survey aimed at encouraging the acceptance of diversity in thought and listening with empathy.
- **Additional coaching** to Associate General Managers (AGM) and Senior Managers by certified coaches and is available on both personal and professional levels.
- **Transition programme** for AGMs and Senior Managers focusing on strategic thinking, visioning for the team and function. Personality assessment of each participant is done by following a scientific and largely accepted methodology to give insights to each individual on their behavioural patterns and assess strengths and weaknesses against the role need for further development. Personal and group coaching can be availed basis this outcome.

140+

AGMs and Senior Managers participated in the inclusive conversation programme



Human capital

Emerging leaders*

We have developed comprehensive programmes for our first-time managers aimed to enhance knowledge and behavioural skills. These programmes focus on improving their understanding of the organisation, functional skills, and team management. During the year, 79 managers underwent the emerging leader programme training.

PROGRAMMES/TRAININGS FOR IMPROVING EMPLOYEES SKILLS

Values-based behavioural programmes

We prioritise our values as the cornerstone of employee development at all levels. In FY 2022-23, we launched three values-based programmes for Assistant Managers and Managers, engaging several employees. These programmes focused on our charter values and addressed value gaps identified through the People Review Process. Utilising internal and external leaders and gamification, these programmes received feedback scores of over 8 out of 10, highlighting their effectiveness in reinforcing desired values.

Functional development programme

Our focus is on empowering employees with skills in critical development areas identified as per training needs analysis, feedbacks, discussions, etc.

Designed excellence learning journey across functions for entry and mid-level managers.

External programmes

Offering IIM designed management programmes to managers without a MBA to give them exposure on areas like business management, strategy, finance, people and stakeholder management.

We promote transition programmes for emerging and enabling leaders across levels helping them move into new roles smoothly.

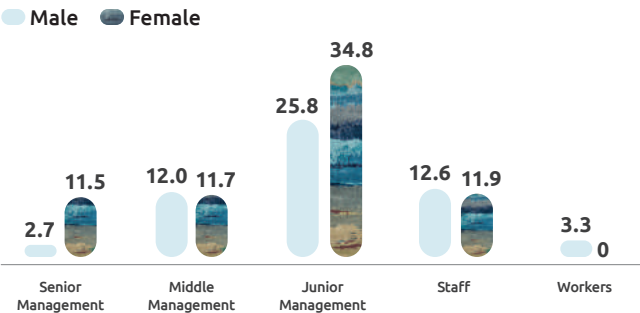


People review and development priorities

Our employees receive regular feedback on their performance and improvement areas through a structured review process. A people review process is designed to evaluate and identify development opportunities specifically for our employees in managerial cadre. This feedback is used to create individual and functional development journey that contributes to the growth of our Company. For self development our employees are provided access to various e-learning courses. 100+ managers utilised 360° tool for their self-improvement.

Learning & Development Dashboard

(Average hours of training per year per employee)#



EMPLOYEE WELL-BEING

Employee well-being is paramount to our commitment for sustainable operations and our promise of 'care'. We actively engage in various initiatives aimed at promoting positivity, wellness, and good health among our employees and their families.

Engagement events and wellness weeks are hosted across all our locations. We conduct regular workshops and engagement sessions on health and wellness to encourage positive living and healthy habits among employees and their families. These were organised for different groups of employees on different aspects of well-being – physical, mental and financial.

Initiatives on Yoga were run on the weekends for a part of the year so that employees could learn and practice the same at their own pace from the comfort of their homes along with their families.

The sessions conducted focused on overall development of the workforce with specific focus on their mental health and personal growth.

Health check-ups conducted for

4,250+ employees

Glimpse of employee wellness initiatives in FY 2022-23



Global Step Challenge

A month long event where individuals and teams across the entire organisation competed with each other to clock up the highest number of miles of walking, jogging, running, cycling etc.



Train your mind for peak performance

Sessions with prominent sports personalities to learn lessons on resilience, equanimity, discipline, etc.



Snapshot of Wellness Sessions dedicated to Women's Health Care

Employee incentives^

We have an ESOP plan which was implemented in the year 2021-22. This plan aims to motivate, retain, and attract key employees through a performance-based stock option program, improve shareholder value, instil a sense of ownership among employees, and offer a tool for wealth creation that aligns medium and long-term compensation with the Company's performance.

Employee well-being is paramount to our commitment for sustainable operations and our promise of 'care'. We actively engage in various initiatives aimed at promoting positivity, wellness, and good health among our employees and their families.

^GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

*GRI 404-2 Programs for upgrading employee skills and transition assistance programs
#GRI 404-1 Average hours of training per year per employee

Human capital

Creating employee delight

Using technology in employee reimbursements

We introduced Intelligent Data Processing (IDP) technology which reads the invoice and extracts relevant data points for employees to raise claims faster with minimal manual efforts.

DigiBurse (Application for employee reimbursement)

A mobile application to enable employees raise the reimbursement claims on the go. It allows employees to click picture and save copies of the invoice to avoid the hassle of losing it. With the Optical Character Recognition (OCR) feature in the application, all the necessary fields are filled automatically.

Trexit (Application for air ticket and hotel booking)

An application that simplifies air ticket booking experience by enabling the employees not only to book tickets for official travels but also for the personal travels. Taking a leap forward, feature for hotel booking was also introduced during the year. Employee can book hotel with bill to Company model which eliminates hassle of paying hotel bills, claiming reimbursement and ensuring GST compliance.

Cabdesk (Self - booking Tool for cab booking)

A mobile application to book vehicle for official visits. The application helps employees track booking till actual travel and billing process making the travel experience hassle-free.

Empowering voices: listening, engaging, evolving together

Through our unwavering commitment to employee feedback, we have established a powerful framework for listening, engaging, and evolving together. Our organisation conducts regular engagement surveys, held every six months, to ensure that every employee feels included, valued, and deeply engaged in our shared journey. The engagement survey also includes measuring the Psychological Safety Score and Wellness Initiative Score.

Additionally, we launched an Onboarding Experience survey for employees towards strengthening their induction experience. This measures their experience at the end of 30 days and again at the end of 90 days in the organisation. Employee listening is a top priority for our organisation, and we plan to continue focusing on it in the years ahead.

Together, we are building a culture where every voice matters, and where listening, engaging, and growing are the pillars that drive our collective success.

78% Employee Engagement Score

8.5/10 Wellness Initiative Score

6/10 Psychological Safety Score

DIVERSITY & INCLUSION

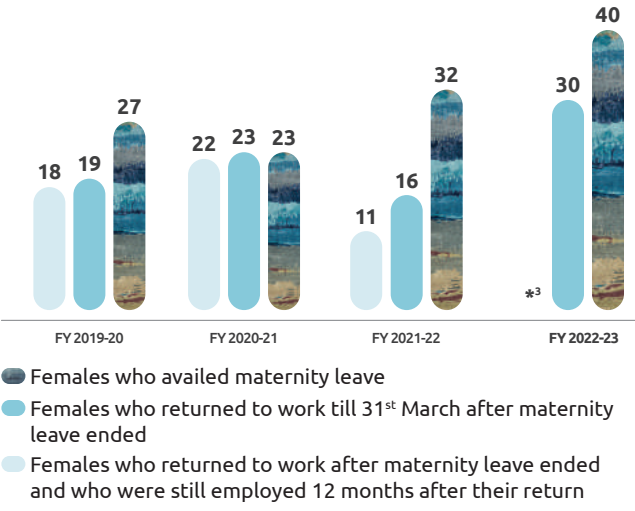
Asian Paints IED Vision

Being a progressive world-class organisation, we have created a psychologically safe and inclusive environment which champions diversity in capability and thought leadership.

At Asian Paints, we embrace Inclusion, Equity, and Diversity (IED). By fostering an inclusive and safe culture, we empower our employees to freely express themselves, bringing forth innovative ideas and unique perspectives that better serves our diverse customer base.

In line with our commitment to IED, the focus is to enhance inclusion, engagement, and employee well-being, while also setting representation targets for women, persons with disabilities, and people of the other gender.

Women employees who availed maternity leave and resumed work*



- Notes:
1. All employees are entitled to avail parental leave.
 2. During the year 2022-23, 40 female employees took maternity leave of which 30 returned to work till 31st March 2023 after their leave ended.
 - *3. Of these, the number of male and female employees who would still be employed with the Company, 12 months after their return, would be assessed in the year 2023-24.
 4. During the year 2022-23, 463 male employees took paternity leave out of which as on 31st March 2023, 439 male employees are still employed with the organisation.
 5. The return to work rate for both male and female employees is 100% during the year 2022-23.
 6. The retention rate for male employees is 95% and female employees is 73% during the year 2022-23.
 7. 418 male employees returned to work in the reporting period after their leave ended.

*GRI 401-3 Parental leave
^GRI 405-2 Ratio of basic salary and remuneration of women to men

Future ready and diverse talent pool^

Our commitment to being an inclusive business is reflected in our people practices. We strive to attract, retain, and develop talented individuals from all backgrounds. Our workplaces offer an open, supportive, and inclusive environment to our people. We are an equal opportunity employer and do not discriminate in terms and conditions of employment based on gender, race, religion, caste, creed, and other such criteria. Further, the organisation believes in pay for performance. Our policy on equal opportunity and non – discrimination is available on the website of the Company at www.asianpaints.com

At Asian Paints, we have the same base pay for all employees in the same category.^

Crafting inclusive policies

After conducting thorough audits of our policies, we have taken significant steps to promote inclusivity and address the crucial needs of our diverse workforce. Based on the findings, we have added the following benefits into the policies:

- **Expanding Policy Benefits**
We have extended all policy benefits also to same-sex and live-in partners. This change ensures equality and inclusivity for all our employees.
- **Enhancements to the Employee Medclaim Policy**
Our updated policy now includes additional provisions to support our employees' well-being. This includes coverage for mental health consultations, reimbursement for IVF treatments, assistive devices for Persons with Disabilities (PWD), and coverage for gender reassignment surgeries.
- **Maternity Counselling Programme**
We have launched a comprehensive maternity counselling programme that offers end-to-end support for our employees and their partners during pregnancy and for two months after delivery. This program aims to provide essential guidance and assistance during this important phase of their lives.

Human capital

Facilities and amenities

As an equal opportunity employer, we are committed to creating an inclusive environment that values diversity and empowers every individual. In line with this commitment, we have conducted a comprehensive infrastructure accessibility audit across our locations, including plants, sales offices, and the head office, with the assistance of an externally certified accessibility auditor.

For the year 2023-24, we have outlined plans to undertake infrastructure modifications in key office locations to ensure accessibility for all. These modifications aim to provide a conducive environment where persons with disabilities and individuals of all genders can perform their roles without barriers, enabling them to thrive and excel in their respective fields.

Key initiatives for enhancing sensitisation

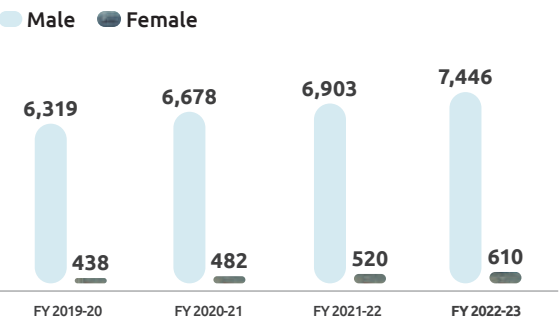
We conduct several initiatives to improve our employees awareness and understanding for respecting differences and being part of a workforce built on the principles of respect, empathy and inclusion.

We:

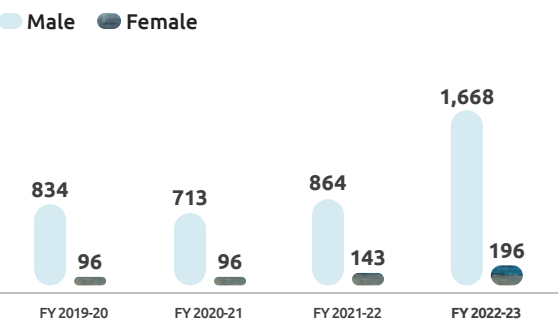
- Established an IED Council at One Link level with 2 external members.
- Enrolled One Link on Asian Paints IED imperatives and defined work areas for next 3 years.
- Conducted awareness and sensitisation sessions on IED imperatives for our leadership team and HR hierarchy.
- Conducted Trans-Inclusion sessions.
- Conducted psychological safety sessions for employees.

Employee snapshot*

TOTAL EMPLOYEES BY GENDER

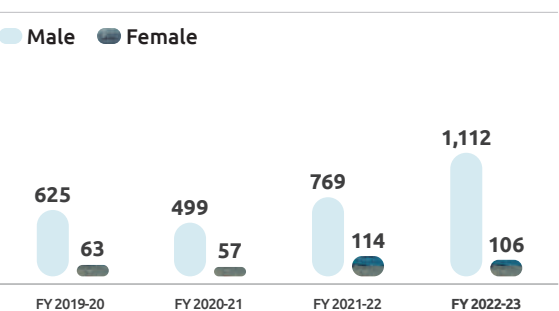


NEW HIRES BY GENDER



Hire rate by gender for FY 2022-23: Male - 23% and Female - 35%

EMPLOYEE ATTRITION BY GENDER

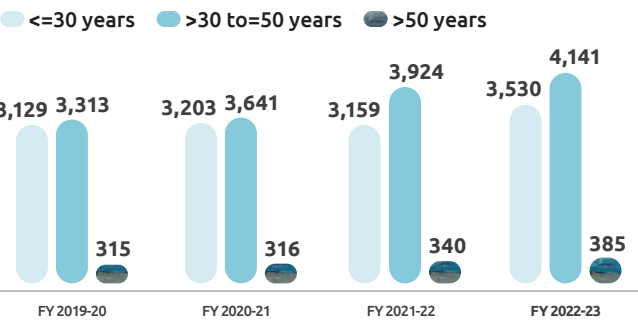


Attrition rate by gender for FY 2022-23: Male - 15% and Female - 19%

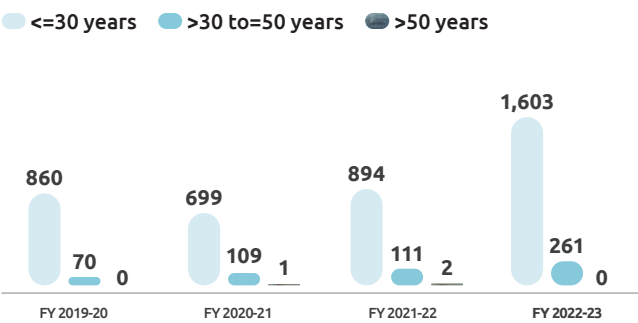
TOTAL TEMPORARY AND CONTRACTUAL EMPLOYEES

Financial year	Number
2019-20	16,224
2020-21	16,354
2021-22	18,600
2022-23	23,980

TOTAL EMPLOYEES BY AGE

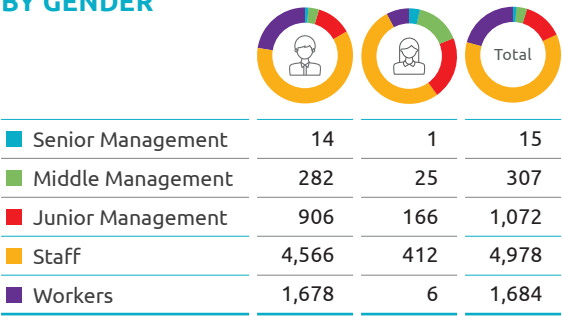


NEW HIRES BY AGE GROUP



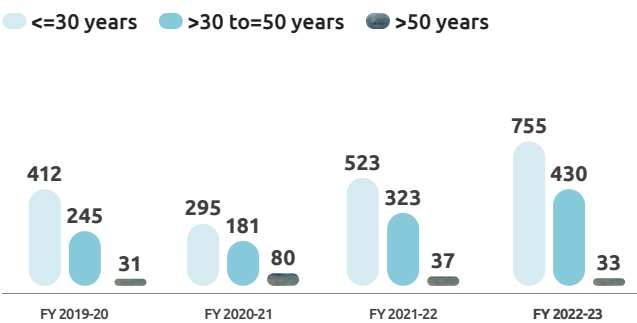
Hire rate by age group for FY 2022-23:
<=30 years - 48%, >30 to=50 years - 6%, >50 years - 0%

TOTAL EMPLOYEES PER CATEGORY BY GENDER



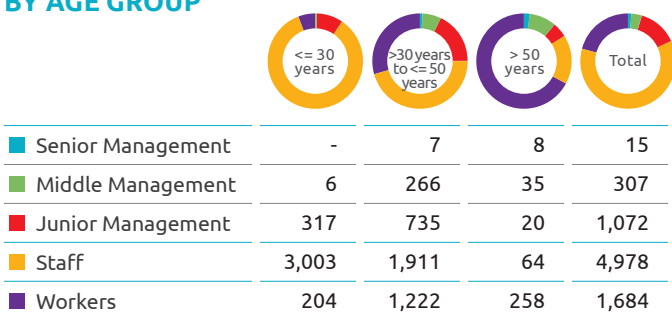
Including 2 transgender persons

EMPLOYEE ATTRITION BY AGE GROUP



Attrition rate by age group for FY 2022-23:
<=30 years - 23%, >30 to=50 years - 11%, >50 years - 9%

TOTAL EMPLOYEES PER CATEGORY BY AGE GROUP



EMPLOYEES PER CATEGORY BY AGE GROUP AND GENDER (%)

	Age Group (%)		
	<= 30 years	>30 years to <= 50 years	> 50 years
Senior Management (Male: 93.3%; Female: 6.7%)	-	46.7	53.3
Middle Management (Male: 91.9%; Female: 8.1%)	2	86.6	11.4
Junior Management (Male: 84.5%; Female: 15.5%)	29.6	68.6	1.8
Staff (Male: 91.7%; Female: 8.3%)	60.3	38.4	1.3
Workers (Male: 99.6%; Female: 0.4%)	12.1	72.6	15.3

*GRI 2-7 Employees | GRI 401-1 New employee hires and employee turnover
GRI 405-1 Diversity of employees

Human capital

Safe workplace



OCCUPATIONAL HEALTH AND SAFETY*

At Asian Paints, we prioritise the safety and well-being of our employees. Our Occupational Health and Safety (OHS) approach focuses on prevention, intervention, and collaboration.

We have invested in advanced technologies and processes to minimise risks and hazards associated with manual interfaces with machinery. Safe practices and behaviours are facilitated across our manufacturing and other operational processes through well-defined frameworks, protocols, training, and awareness programmes. We share the lessons learned from incidents across units to prevent recurrence of the incident at the unit and occurrence of the same incident at the other units and improve our safety track record.



Each team member has clearly defined responsibilities and functions to respond to emergencies efficiently and effectively. A list of regulatory agencies and local hospitals with names and telephone numbers is regularly updated and made available. We conduct mock drills every six months to test the effectiveness of our plans.

Asian Paints' OHS management system meets the 5-Star Integrated Audit standards of the prestigious British Safety Council.

Safety monitoring mechanism®

Our OHS framework is designed to identify work-related hazards through Hazard Identification and Risk Assessment (HIRA), process safety hazards through Bow – tie analysis, Hazard and Operability Study (HAZOP), Quantitative Risk Assessment (QRA) fire risks through fire risk assessment and manual material handling through manual material handling risk assessment.

We use the above to identify and analyse risks related to processes, buildings, equipment, chemicals, ergonomic hazards and fires annually. The process also focuses on developing action plans and control systems to mitigate or eliminate hazards. We train our employees on HIRA to create awareness and make them alert towards workplace hazards thereby preventing and addressing them effectively.

Emergency Response Plan (ERP)

An emergency response plan enhances our readiness to handle untoward incidents. We have an Emergency Response Team at each manufacturing plant, comprising the Site Main Controller, Incident Controller, Fire Fighting Team, First Aides, Communications Team, and Power & Utility Teams.

Safety practices in the Warehouses

- Ensured compliance with minimum requirements across all warehouses, focusing on statutory norms, electrical and fire safety, man-machine interface, material handling equipment, racking, and visual management.
- Addressed electrical audit observations to ensure compliance.
- Developed a manual for standard amenities for warehouses.
- Implemented engineering innovations such as installing forklift cameras.
- Celebrated Road Safety awareness week across locations.
- Conducted storage rack health assessment studies.
- Established hospital tie-ups at all warehouse locations across the country through an external agency.

→ For more details, turn to Manufactured Capital on page no. 70

Promoting safe workplace^#

We prioritise the health and safety of our employees with comprehensive measures to assess and mitigate potential risks. A dedicated industrial hygienist conducts regular workplace assessments. Pre-employment and periodic medical check-ups are conducted for all employees and contractor workmen for various parameters. Regular monitoring of Volatile Organic Compounds (VOC) and Respirable Particulate Suspended Matter (RPSM) ensures air quality control. Ventilation studies, ergonomic assessments, and safety audits further reinforce our commitment towards safety.

Through rigorous assessments and preventive actions, we create a secure environment where employee well-being remains paramount. Toxicity assessments and categorisation of materials based on international standards enhance our safety practices.

Building a safety culture

Asian Paints prioritises safety through diverse training programmes for employees and their families. Digitalised and gamified modules supplement regular training, while safety awareness initiatives include presentations, newsletters, and toolbox talks. The Rolling Trophy - a safety promotional activity, incentivises positive practices, and observances like National Safety Week reinforce awareness. Safety messages reach employees' families through booklets and displays, covering road and home safety measures.

CASE IN POINT

Maintaining health and safety of employees

To make employees aware of the safety systems, the Company has put in place a mandatory induction system for all new joiners, with specific training modules on safety based on the nature of work.

A skill development programme for all contractors with a progress card issued to track the completion of safety training as per the timeline.

Safety related training modules are available on our intranet portal for all the employees.

Further, to keep abreast with regulatory updates on safety statutes and new requirements, the Company has subscribed to external portals for regular updates.

CASE IN POINT

Transforming Safety Culture through Behaviour-Based Safety (BBS) at Ankleshwar Plant

Ankleshwar Plant partnered with the British Safety Council (BSC) to launch a robust Behaviour-Based Safety (BBS) programme. Starting with a Safety Culture Assessment, the plant's calculative stage was identified, leading to a proactive plan guided by the BSC. A dedicated site steering team ensured the successful implementation, while expert trainers conducted BBS workshops.

Vision

We commit to fostering a Safe Work Environment where all of us voluntarily exhibit safe behaviour and contribute to continually improve safety performance.

Values

- Stick to the rules
- Look out for each other
- Speak up courageously
- Recognise safe behaviour
- Continuously seek improvement

Outcome

Ankleshwar plant achieved BBS Generative Stage during the year (First in the world in coatings sector)

Human capital

Safety highlights and initiatives in FY 2022-23

We have implemented a comprehensive range of occupational safety initiatives across our operations to prioritise the safety of our employees. These initiatives encompass identifying and safeguarding moving equipment parts, evaluating man-vehicle interaction in plant areas, and establishing guidelines for monitoring the Total Recordable Incident Frequency Rate (TRFR) and Total Severity Rate (TSR). By closely monitoring these safety performance indicators, we ensure a safe working environment and strive for continuous improvement.

Besides these, we also implemented several elements of Process Safety Management (PSM) this year. These include setting detailed safety standards for areas like contractor management, risk assessment, work equipment, and hazardous substance control. Asian Paints also implements BBS initiatives, a contractor passport system, and PSM initiatives to enhance workforce competency and ensure process safety. Incident investigation, Corrective and Preventive Action (CAPA) implementation, and an online reporting system further strengthen safety practices.

HIGHLIGHTS

- Road safety week celebrated by means of quiz, skit and games. Awareness created on road safety through emails
- Safety Connect application launched for 800 employees to identify at-risk behavior while driving
- Campaign on 5 golden rules for road safety, with tagline “jivan” identifying road safety as a Key Safe Behaviour (KSB) was introduced at Ankleshwar plant. This initiative resulted in zero road accidents at Ankleshwar plant
- Campaign on road safety, with tagline “roddu bhadrata budhavaaram” meaning “Wednesday - dedicated to road safety” was introduced in Patancheru plant
- Refresher defensive driving techniques training through simulators.

Safety Performance

All workplace-related injuries are tracked and monitored through iSafe portal.

Incident investigation and reporting

We have a robust incident reporting portal “iSafe” implemented across manufacturing plants. On occurrence of any incident, investigation team is formed at manufacturing plant to identify probable causes using tools like 5-Why, fish bone diagram, etc. On the basis of the investigation reports, probable causes and CAPA are identified. Investigation report, probable causes and CAPA are discussed at various levels in the Company. Findings of the investigations are shared across the plants. Incidents along with CAPA are reported to the Board of Directors of the Company on quarterly basis.

Details of safety related incidents are given below:

Parameter	FY 2020-21	FY 2021-22	FY 2022-23
Recordable Work Injury	51	43	40
Fatalities	0	0	0
LTI	14	13	14
LTIFR	0.72	0.59	0.55
Severity Rate	23.80	60.33	17.05
Frequency Severity Index	0.004	0.006	0.0031
Manhours Worked	19,454,212	21,936,418	25,509,383

LTI: Lost Time Injury

LTIFR: Lost Time Injury Frequency Rate

Recordable work related ill health is Nil for the years aforesaid*. We are taking various preventive and mitigation measures to reduce occupational health and safety impacts such as quantitative risk assessment for manufacturing operations.*

Above table relates to the incidents at the manufacturing units only.



AWARDS AND RECOGNITION



Over the years, we have been receiving recognition in the form of awards and achievements related to safety of our manufacturing plants

- 1 3 plants - Kasna, Khandala and Patancheru were awarded the prestigious 'Sword of Honour' by British Safety Council in FY 2022-23 for achieving 5 star rating in the British Safety Council audit process in FY 2021-22
- 2 3 plants - Rohtak, Mysuru and Visakhapatnam achieved five star rating in British Safety Council’s five star rating audit conducted in FY 2022-23
- 3 Khandala plant recognised with ICC National Occupational Health and Safety Gold Award
- 4 Global Safety Award 2023 for Visakhapatnam plant by the Energy & Environment Foundation at the 13th World Petro-Coal Congress Conference
- 5 Ankleshwar plant received Platinum award by Quality Circle Forum of India (QCFI) for Project Defensive Driving
- 6 Rohtak plant bags National Safety Award at the Global Safety summit organised by Fire & Safety Forum & United Nation Global Compact Network India
- 7 Kasna plant bags Golden Peacock Occupational Health & Safety Award

Technological Interventions to Enhance Health and Safety

We are at the forefront of implementing cutting-edge technology solutions to minimise human interaction with machines and optimise processes. Automation plays a key role in our operations, with the production of paints and intermediates being automated through Manufacturing Excellence System (MES).

We prioritise safety through measures such as conducting HAZOP studies, configuring alarms and interlocks based on temperature, pressure, and level parameters, and employing independent controls for solvent and monomer tanks to prevent hazardous situations. Additionally, we leverage pneumatic conveying for bulk handling of solid raw materials and deploy robots for efficient palletising of paint containers, reducing manual handling risks. Our commitment to technological advancements ensures enhanced safety and efficiency throughout our operations.

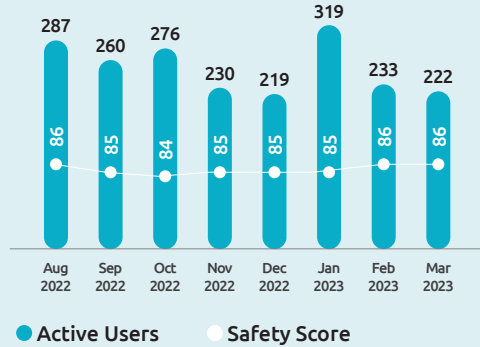
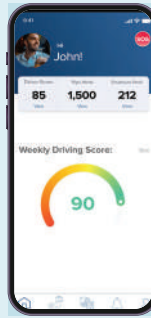
CASE IN POINT

Empowering employees to make safer choices on the road

Our Company recognises the need to address road safety incidents during employees' travel between home and work. These incidents are monitored as part of the Total Recordable Frequency Rate (TRFR) and Total Severity Rate (TSR).

To monitor the road safety incidents, a ground-breaking solution was developed during the year, leveraging cutting-edge technology to mitigate risky driving behaviours. An application was created, utilising the sensors of employees' smartphones to monitor and detect dangerous driving actions such as harsh braking, sudden cornering, over speeding, and phone usage. Basis these parameters, a safety score is assigned. This application was developed to raise awareness, trigger immediate attention, and prompt corrective actions among the employees.

Following the deployment of the application in August 2022 at the select location, the impact was remarkable. We witnessed adaptation of the application and reduction in road accidents, and substantial decrease in reckless driving.



*GRI 403-9 Work-related injuries | # GRI 403-10 Work-related ill health

Human capital

World-class governance



HUMAN RIGHTS*

Our Code of Conduct for employees (CoC), inter alia, upholds human rights principles. Our CoC has been designed to align our employees with our values by incorporating human rights into it. We ensure no scope for forced labour or child labour and discrimination in employment decisions through our robust recruitment and selection process. Our position on human rights is available on the website of the Company at www.asianpaints.com.

We conduct regular training sessions to instil the key principles of our CoC across our workforce, including topics related to human rights.

We have a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace. Further, Internal Complaints Committee is in place to redress any complaints received. We conduct regular sessions for employees across the organisation to build awareness about the Policy and the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Our Environment, Health, and Safety (EHS) Policy reinforces our unwavering commitment to upholding human rights principles. Through this policy, we ensure safety, well-being, and healthy working conditions for employees.

4,000+

Training hours on CoC including Human Rights

Zero-tolerance

Policy towards harassment

Grievance redressal mechanism^

Our comprehensive system addresses employee grievances through the 'Voice of Employee' portal at our manufacturing plants. The plant Human Resources function is responsible for addressing and remediation of grievances received.

At an organisation level, "Sampark Helpdesk" is available as a platform for employees to raise grievances and seek clarifications.

Furthermore, we have a Whistleblower Policy in place which encourages our employees and stakeholders to report or make a protected disclosures for any illegal or unethical behaviour, ensuring confidentiality and protection from adverse actions for whistleblowers. The Ethics Committee is responsible for addressing and remediation of complaints received under this Policy.

COLLECTIVE BARGAINING#**

We respect the right of our employees to join associations and engage in civic activities within legal boundaries. We maintain open communication channels and have constructive dialogue with our employees and their representatives to address their issues. Trade unions are present across our manufacturing plants to support collective bargaining, maintain harmony, and ensure uninterrupted operations.

Through a well-established collective bargaining system, we transparently and fairly negotiate productivity and wage settlements with employee union for a defined period agreed with employee union. We provide a minimum of 21-days' notice to all parties involved for any changes affecting unionised employees' conditions or rights protection®.

CASE IN POINT

Harmonious negotiations

Our process of collective bargaining for wage and productivity settlement, typically involves engaging with employee unions generally every three years or as per the settlement period. During the year, multiple plants entered into wage settlement negotiations with an objective to improve productivity, rationalise wage structures, creating appreciation for the concept of Cost to Company (CTC) and at the same time meeting employee union expectations with respect to wage increase and other benefits.

Process

The management engaged with the respective plant union representatives before entering actual negotiations. The purpose of these discussions was to create an understanding on the concept of CTC and linkage of wages to productivity. Through sessions including classroom sessions, the members were appraised on calculation of CTC and various components of wages and their rationale.

The management also emphasised on the importance of operational flexibility and incorporated elements of manufacturing excellence to increase worker participation.

The sessions brought in alignment on the collective bargaining process and principles to be followed during discussion. These interventions ensured that both sides entered the negotiation process with a common understanding and aligned objectives.

Outcome

The introduction and common understanding of the CTC concept in wage negotiations facilitated agreement on the amount of wage increase. The unions showed openness to flexible operations, considering the evolving business context. Implementation of manufacturing excellence initiatives enhanced worker participation and accountability. Open and transparent communication throughout the process, fostered consensus during discussions. Wage settlements were successfully concluded across the manufacturing units during the year 2022-23 without any productivity loss or industrial disputes. The agreed productivity changes and wage benefits were smoothly implemented immediately after signing of the settlement.

WAY FORWARD

Our people form the backbone of our organisation and are our pride. We will continue to lay focus on their development, health and well-being, thereby constantly delivering value to our stakeholders.



*GRI 2-23 Policy commitments | GRI 408-1 Operations and suppliers at significant risk for incidents of child labor | GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | ^GRI 2-25 Processes to remediate negative impacts | *GRI 2-30 Collective bargaining agreements| **GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | ®GRI 402-1 Minimum notice periods regarding operational changes



Social and Relationship capital

SDGs IMPACTED



Building bridges of trust

Building harmonious relationships and partnerships on trust have been our guiding principle over the years. These principles have enabled us to create unparalleled, transformational value for our stakeholders, including communities, partners, customers, and others.

FY 2022-23 KEY HIGHLIGHTS

₹ 77.2 Crores

CSR spends

~20,000

Supplier Base

240,000+

Business Influencers

365,000+

Beneficiaries of Health Initiatives

510,000+

Colour Academy trainings provided during the year

ESG STRATEGY

- Community ownership, Customer celebrations
- Water stewardship
- Ethics, transparency, quality and accountability
- Nature positive
- World-class governance
- Sustainable supply chain management

KEY MATERIAL ISSUES

- Consumer Delight
- Business Ethics and Corporate Governance
- Water Management
- Influencer Management
- Supplier Sustainability
- Responsible Supply Chain
- Local Communities
- Consumer Health and Safety
- Human Rights
- Anti-Corruption and Anti-Bribery
- Policy Advocacy
- Anti-Competitive Behaviour

INTERLINKAGES TO CAPITALS



STAKEHOLDERS IMPACTED



Community ownership

CSR APPROACH

Standing true to our Charter, to bring joy and happiness to people's lives, our CSR vision is based on embedded tenets of trust, fairness, and care to maximise efforts in this regard. We aim to enrich and empower marginalised communities by addressing critical social, economic and environmental challenges.

We believe in responsible growth and undertake CSR initiatives that makes a difference to the communities and the environment in which we operate.

Our CSR approach is led by the Board through the CSR committee. Our CSR committee consists of 4 members, of which 1 member is an Independent Director. The Committee is responsible for overseeing the planning, coordination and implementation of all CSR activities and compliance of the same is also reported to stakeholders through the Company's Annual Report on CSR.

As an organisation, we have formed partnerships with local NGOs and on-ground health workers to better assess the requirements of local communities. We focus mainly on four areas as a part of our Corporate Social Responsibility: health and hygiene, water conservation, skill development and disaster management.



*Excludes expenditure on CSR overheads

*GRI 203-1 Infrastructure investments and services supported



FOCUS AREA OF CSR ACTIVITIES

CSR expenditure*

₹ 39.5 Crores

Skill development

₹ 23.4 Crores

Water conservation

₹ 9.9 Crores

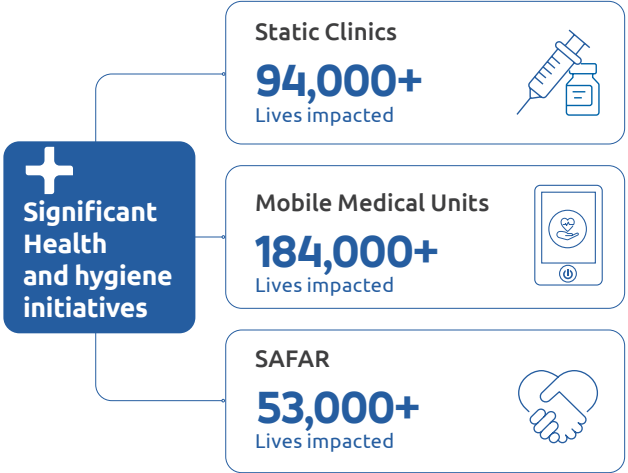
Health and hygiene

Health and hygiene*

Community health and hygiene is one of the key focus area of our CSR activities. We aspire to deliver primary health care support through diagnosis and treatments to our communities. Our interventions are aimed at promoting preventive healthcare, building awareness about hygiene, sanitation, maternal and child health care, setting up medical infrastructure, and instrumenting clean drinking water habits for communities.

Our health initiatives have a major focus on people from the vulnerable section of the local communities. With the help of our partner organisations and local on-ground health workers, our aim is to ensure that primary healthcare facilities are accessible to the maximum number of relevant beneficiaries.

Social and Relationship capital



Static Clinics[^]

Our commitment to improving community health has led us to establish six static clinics across India. Our clinics offer timely diagnosis and treatment for various diseases, majorly hypertension and diabetes as well as other general health ailments. By providing access to basic health treatments, including maternal and neonatal care, we work to ensure that everyone has the opportunity to lead a healthy life.

Mobile Medical Units[^]

Our Mobile Medical Units (MMUs) provide free healthcare services to villages across eight states in India, increasing access to basic healthcare in remote areas. Our MMUs offer free consultations, medication, basic diagnostic services, and referrals to hospitals. Our MMUs not only provide healthcare services but also raise awareness about basic health and hygiene practices among villagers and locals.



CASE IN POINT

Healthcare for all

Asian Paints, in collaboration with HelpAge India, as a part of its CSR initiatives focuses on providing primary health consultation at specified areas through the Mobile Medical Units.

Among other services, mobile medical units provide medical consultation for common ailments, free of cost medicines and offer weekly treatment to the identified beneficiaries.

Narayan Chauhan*, aged 58 years, a resident of Rohtak, is a daily wage earner who was facing the issue of blood pressure since the last 5-6 years. Due to the strenuous nature of his work, he used to get severe body pain on some days and on such days, he was unable to go to work. Since the MMU started visiting his village, he has been regularly visiting it, due to which he is able to consult a doctor and get the medicines free of cost. His blood pressure is now under control because of taking regular medications.

* Name changed to protect identity

Impact assessment*

Following an impact assessment conducted by an independent third party for Asian Paints Mobile Medical Units (MMUs), it was observed that the MMUs are helpful to the elderly people and women who generally have reduced access to Health care facilities in socio-economically backward communities.

The elderly people who are generally dependent on other family members for hospital visits are now able to address their health care needs due to easy accessibility and free of cost medicare.

Key findings*

- 93.1% respondents are not spending any amount for medical consultation after intervention by our MMUs
- 89.7% of the respondents are not spending any money on purchasing medicines after our MMU intervention

*A group of 900 people (intervention and control group) were selected from 6 locations for stratified random sampling.

CASE IN POINT

Bringing Healthcare to your doorsteps: a success story

Asian Paints collaborated with Kaka Ba Hospital to organise a medical camp in the Hansot village, providing free medical treatment to those in need. Our employees volunteered to manage and co-ordinate the camp, and assisted the villagers in accessing medical services.

During the camp, thousands of persons in need were provided with medical treatment and diagnosis requiring further attention.

SAFAR

SAFAR healthcare initiative aimed at providing general healthcare to truckers, promotes healthy lifestyle and provides free consultation for various health issues. The initiative also organises awareness programs on health, hygiene and sexually transmitted infections.

CASE IN POINT

Piyush*, a driver from Mysuru, was experiencing severe pain in his shoulder. He was avoiding visiting the doctor due to time and cost constraints. Having SAFAR clinic operational at the trucks and heavy vehicles parking site in Mysuru, Piyush visited the clinic where he was provided the necessary medical attention and prognosis.

Piyush followed the instructions of the physiotherapist and performed recommended stretching exercises which took him from zero movement on his left side to 180-degree movement without any pain within a span of two weeks. Piyush now drives trouble free and does not have to suffer from loss of pay due to absenteeism at work due to health complaints.

* Name changed to protect identity

Nutrition Projects

We take a proactive approach to healthcare in our communities, partnering with ASHA, Anganwadi (AAA) Workers, and Auxiliary Nurse Mid-wives (ANMs) to promote preventive healthcare. Our goal is to improve the health status of pregnant and lactating women, adolescent girls, and infants in identified villages by mitigating anaemia and malnutrition.

8,700+
Lives impacted through nutrition projects

The celebration of National Nutrition month

During National Nutrition Month (NNM) or 'Poshan Maah', Asian Paints, through its partners conducted home visits to counsel pregnant and lactating women and helped in the early detection of malnourishment through growth monitoring sessions, providing a healthier future for the community.

500+
Pregnant women benefited

470+
Instances of malnourishment detected

Yes! To Poshan!

"Yes! To Poshan!" a partnership between Asian Paints and Tata Trusts, is aimed at educating rural households about the importance of nutrition and promoting a diverse diet for pregnant and lactating mothers.

[^]GRI 413-1 Operations with local community engagement, impact assessment and development programs

^{*}GRI 413-1 Operations with local community engagement, impact assessment and development programs

Social and Relationship capital

SKILL DEVELOPMENT-COLOUR ACADEMY*

Asian Paints' Colour Academy empowers communities with specialised skills by providing vocational training in the paint application trade. We have expanded our horizons in this segment to also include carpentry, plumbing and masonry trainings for the further benefit of our local communities.

Fixed academies are located in Tier 1 and major metropolitan cities, while mobile academies are deployed in Tier 2 cities, allowing us to expand our reach to participants across the country.

In addition to the physical and the digital trainings, we have also curated a specified set of training courses which can be accessed by the users at any point through our website.

Each and every course has been developed with the intent of developing the skills of our painters, contractors and other workers. We have a wide range of courses ranging from textures, waterproofing, wood finishes, to name a few. The aim of these virtual courses is to make the participants familiar with the products and the associated application processes.



1,175+
Towns covered by our academies in FY 2022-23

510,000+
Trainings provided during the year

Coverage

Trainings through various modes

1.83+ Lakhs
Physical

1.53+ Lakhs
Virtual

1.72+ Lakhs
Digital

*GRI 413-1 Operations with local community engagement, impact assessment and development programs | GRI 203-2 Significant indirect economic impacts

Impact in FY 2022-23

We performed an impact assessment study# of the work undertaken by colour academies which indicated that our colour academy had a significant positive impact on the beneficiaries. The survey indicated that we were able to have broad-based impact including intrapersonal, interpersonal, professional, and economic impact.

75%
NPS score*

The survey was undertaken by an independent evaluation agency with a sample size of 170+ telephonic and 40+ in-person contractors interactions across 15 cities.

Courses Covered: 4 courses covered – Interior Textures, Exterior Textures, Waterproofing and Financial Management

* NPS 75% signifies that the trainees are satisfied with the trainings and enthusiastically recommending it to others in their professional circles.

NPS Calculation: %Promoters- % Detractors

Creating long-term impact-Outcome of impact assessment study

INTRAPERSONAL IMPACT

96%
reported increased knowledge/skills

INTERPERSONAL IMPACT

95%
reported improved confidence in client interactions

PROFESSIONAL IMPACT

97%
reported they learned an in-demand skill

ECONOMIC IMPACT

97%
reported an increase in monthly income

CASE IN POINT

Colour Academy Training

Rajendra Mitra*, aged 33 years is a resident of West Bengal. When Rajesh started his career in 2003 as helper painter at his village, his daily income was only ₹ 5/-. Post taking training from Asian Paints Mobile Colour Academy, he has learned proper paint application procedure on different surfaces, leading to an increased confidence. Rajendra has also undertaken waterproofing and interior designer finishes' training which has led to an increase in his work opportunities and earnings.

* Name changed to protect identity

EMPLOYEE VOLUNTEERING

Blood donation camps

At Asian Paints, we encourage our employees to participate in blood donation camps, which are organised in collaboration with local hospitals and blood banks. Through these initiatives, we aim to create awareness about the importance of regular blood donation and ultimately helping in saving lives.

During FY 2022-23, we spearheaded an initiative by hosting Blood Donation Drives at 4 offices in Mumbai including our Head Office as well as at our manufacturing plants viz. Khandala, Kasna, Patancheru, Visakhapatnam and Mysuru. All these events were meticulously planned, promoted well in advance to spread the word and briefing sessions were held to raise general awareness amongst employees. Contacting the blood banks, setting up the venue, holding medical check-ups, registrations and planning for post-donation rest and recovery were all systematically planned for smooth logistical execution.

Many employees contributed in this noble cause and did their bit towards the society. The astounding effort and cooperation from the medical teams, admins and organisers, CSR SPOCs at plant locations and the participants made this campaign an enormous success.

610+
Units of blood donated during FY 2022-23

DISASTER RELIEF

This year's monsoon season led to devastating floods in Assam and other parts of North East India. Responding to this crisis, we conducted a donation drive at three locations: Visakhapatnam, Mysuru, and the Head Office in Mumbai. Employees generously donated dry ration, toiletries, and clothing, resulting in overflowing donation boxes and a total of 1,166 kg of donated materials.

Social and Relationship capital

Water conservation*

We acknowledge the significant problem of water scarcity in India, affecting an estimated 91 million people without access to safe water as of 2022. As a socially responsible company, we have placed a high priority on water conservation.

We have adopted ESG commitment relating to water stewardship, where we focus on conservation and replenishment initiatives both inside and outside our factory premises.

We understand that the intensity of water usage in our operations is limited, however, the overall consumption may still be significant in the local context. Recognising this, we have been making efforts to address the challenge of water scarcity holistically, by not only reducing our consumption but also replenishing more than what we consume through our offsite projects in water.

195%

Water harvesting potential created

The Integrated Watershed Management (IWSM) project*

The IWSM project aims to conserve soil and water by implementing various measures such as building Gully Plugs, Continuous Contour Trenches, Cement Nala Bunds, Tree Plantations, etc. The goal of these measures is to improve the underground water table and reduce soil erosion on the surface. The interventions are participatory and designed to involve the community to ensure maximum engagement and ownership. Currently, the IWSM project is being implemented in three villages: Ghadagewadi, Karnawadi, and Atit.

16.6

Capacity improved by water stream deepening (in TCM*)

1,426

Storage capacity enhanced (TCM*)

8

Cement Nala Bunds (CNB) constructed

*Thousand Cubic Metres

INITIATIVES TAKEN OUTSIDE FACTORY PREMISES



Channel lining work at Pichivakkam Village, Sriperumbudur

- 7 tanks rejuvenated in Pichivakkam village
- Increased rainwater storage potential to around 31,850 KL
- Raised awareness on water conservation for 60 farmers



Sahyadri Hills

- Made 1,833 meter channels lining the irrigation line for improving irrigation
- Reduced water waste drastically
- Impacted around 72 farmers positively



Rejuvenating water bodies

- Reused silt for reclamation of barren land
- Increased water holding capacity
- Increased water availability for groundwater recharge

INITIATIVES TAKEN INSIDE FACTORY PREMISES



Wash water reuse in manufacturing processes:

- Significant amount of water is used to clean processing vessels and liquid material transfer lines. We have made the processes more efficient by switching to high pressure jet cleaning systems and upgraded wastewater handling system



Rainwater harvesting within the factory:

- Plants use rainwater as an alternate for freshwater consumption
- Rainwater constituted 38% of the Visakhapatnam plant's total water consumption
- Mysuru plant's water consumption consisted of 34% rainwater



IMPACT STORIES FOR WATER BODIES' REJUVENATION

CASE IN POINT

Jal Sashakt: Revitalising rural landscapes*

The Jal Sashakt project has transformed the farming community in the Satara district of Khandala, where water scarcity was once a major issue. By desilting and increasing water-holding capacity, the project has rejuvenated barren land and enabled farmers to grow crops like groundnuts, soybean, and jowar.

22

Water bodies

5.3 Lakhs

Cubic meter slit excavated

273+

Farmers benefitted

12+

Villages benefitted

Acres under yield increased by

283 acres

Water storage increased to

532 TCM#

#Thousand Cubic Metres

The Story of Bagurkatte Kere's refilling after 40 years*

The Namma Jala Bhadrade Project, in Mysuru, aims to provide water security and increase farmland yield by revitalising dried-up ponds and excavating silt from them.

Bagurkatte Kere is one of the 12 water bodies selected for rejuvenation in Phase 1, and the project's on-ground implementation was carried out with the help of our NGO partners Credit-I and Navodaya.

46,662

Cubic meter of silt excavated

16

Villages benefitted



Read more on water conservation in Natural capital section on page no. 112

*GRI 413-1 Operations with local community engagement, impact assessment and development programs

*GRI 413-1 Operations with local community engagement, impact assessment and development programs

Social and Relationship capital

Customer celebrations

CUSTOMER CENTRICITY

Our unwavering commitment to customer satisfaction is the driving force behind our success in the market. We believe in empowering and supporting our customers, understanding their needs, and delivering high-quality products and services.

Our movement towards becoming a full home décor solutions brand is aimed at delivering solutions with unique value propositions to its customers. Our foray into different lines of service, including wallpapers, furniture, and design solutions has also been initiated to provide the customer an end-to-end home services' solution. Our team strives to maintain engagement with customers beyond the point of purchase, building trust and loyalty that lasts.

We view customer engagement as a continuous process throughout the product lifecycle to ensure their loyalty to our brand. Partnering with renowned retailers, we combine digital and physical elements to provide customers with an exceptional experience.

Continuous engagement, lasting loyalty

Our "Colour Ideas" stores, present in 450+ locations across 400 cities, offer personalised colour recommendations, innovative visualisation tools, and unmatched service, exceeding customer expectations. By embracing digital and physical channels, we aim to enhance the customer experience and foster lasting relationships.



CUSTOMER TESTIMONIALS



The Colour Consultancy at Home service by Asian Paints helped me choose the perfect colours and textures for my home using the latest trends in the market. I highly recommend this service to anyone who wants to transform their space with ease and confidence.

RAVI GUPTA, DELHI



During our home renovation, we turned to Asian Paints for a fresh coat of paint. They cared about our feedback and concerns, resulting in a flawless paint job that exceeded our expectations. We highly recommend Asian Paints for their quality and excellent customer service.

RAGHAV BHAGAT, BENGALURU

Customer complaints

We believe that excellence in customer service is the most important tool for sustained business growth. To ensure efficiency and delight in the resolution of each complaint, we believe that we need to be agile, transparent and solution-oriented in the entire complaint resolution process. Our grievance redressal mechanism is aimed at minimizing instances of customer complaints and grievances through proper provision of goods and services and ensuring prompt redressal of customer complaints and grievances. All the grievances received through various available channels are registered and tracked through the Customer Relationship Management (CRM) system. Once the complaint is registered, it is tracked through a unique number.

We ensure to keep the customer informed throughout the entire process of complaint resolution. Our complaint closure process includes calling the customer within four hours of registering the complaint, connecting with the customer within two days through site visits or video calls, and finally ending the complaint with final resolution to the customer within five working days. The promise to the customer is to close every complaint in five days or to commit to a customer timeline for closure within five days in case re-painting is required that may take more than five days. To keep the customer informed on all the actions taken on the complaint, we maintain multiple points of communication with the customer through SMS/E-mail/WhatsApp.

Upon the final resolution of the grievance, feedback is taken through call or SMS on the quality of service provided in the complaint resolution. All the data, in this regard, is stored securely on our CRM system.

Our Net Promoter Scheme (NPS) of 68% calculated through feedback obtained after the resolution of each complaint further evidences our commitment to our 'customer first' approach.

96.2%

Customer complaints closed in FY 2022-23

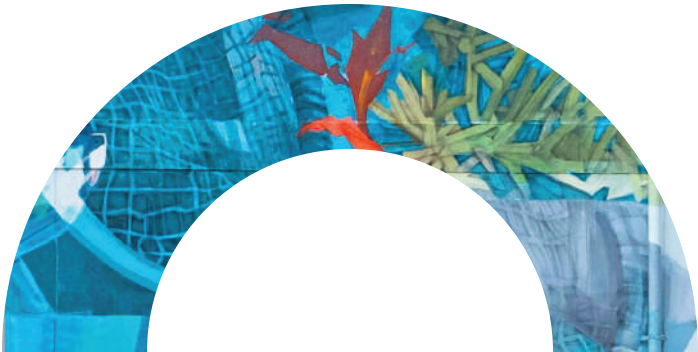
CASE IN POINT

Nilesh*, had availed Safe Painting Service (SPS) in May, 2022. The interior walls of Nilesh's house were painted, however, Nilesh faced an issue with 'White Powder' after 2-3 months of completion of painting job. Nilesh raised his concerns with the Asian Paints team.

Once the issue was raised, the same was forwarded to the Customer Centricity team for further action. Nilesh was contacted and a site visit was arranged within 3 days. After thorough investigation, the issue of 'White Powder' was confirmed and a resolution in the form of repainting of affected areas was offered. SPS team provided an experienced contractor and a dedicated executive to supervise the painting job. During the last lap of the work, there was a stock issue which was resolved within 1 day to ensure that painting work was not impacted and completed within the stipulated timelines. Nilesh appreciated how his complaint was handled with sensitivity and empathy over the course of seven months. Even on the feedback call, Nilesh recorded his delight as a "promoter".

* Name changed to protect identity

We believe that excellence in customer service is the most important tool for sustained business growth. To ensure efficiency and delight in the resolution of each complaint, we believe that we need to be agile, transparent and solution-oriented in the entire complaint resolution process.



Social and Relationship capital

BEAUTIFYING PUBLIC SPACES

Asian Paints’ involvement with St+art India Foundation has been ongoing for over 9 years. Over the years this has included insights, varied resources, and unparalleled efforts in facilitating innovation in the public space. We have been an active and dynamic patron across multiple festivals and public art projects organised by St+art India in Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, Chandigarh and Coimbatore creating iconic landmarks in these cities. Each public art district in the country and new editions of several festivals bring curated interventions to civic spaces that are embedded in urban culture, and use art as a tool to reimagine how public spaces can be utilised. All of these activations aimed to create a dialogue on pressing issues with regard to future cities. Together, we have created over 500 murals and established 6 public art districts across 30+ cities, aiming to make traditional and vernacular art forms more accessible and inclusive.

As partners with a shared philosophy of #ArtForAll, St+art and Asian Paints continue to collectively share a long-term vision for India to nurture public art as a means of a democratic urban and social regeneration.

Tracking our impact



Public art districts

We have created 6 public art districts across India, fostering a sense of community and promoting tourism in these areas.



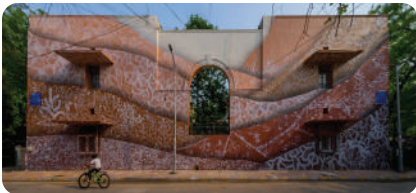
Donate a wall

Based on collaboration from the public, we transform walls in urban spaces annually. From iconic buildings to theatres to community spaces to public societies, we have transformed 26 landmark locations thus far.



St+art Care

Initiated in FY 2022-23 and powered by the vision of bringing art to neglected spaces, we transformed the outer architecture of Post Graduate Institute of Child Health.



St+art residency

Every year, we create beautiful murals based on Indian art styles. This project gave birth to one of our most loved collections – Royale Play Taana Baana – Wall textures inspired from Indian handicrafts.



Art festivals

In December, 2022, Mumbai Urban Art Festival (MUAF) was announced by St+art India Foundation in collaboration with Asian Paints. MUAF was introduced with the objective to contribute to the contemporary public art heritage, featuring new interventions that were held across Mumbai. It was a city scale endeavour including landmark murals, experiential exhibitions, and immersive installations across several locations across Mumbai.

With Sassoon Docks, Colaba being the centrepiece of the festival, a total of 150+ events and workshops across 11 locations in Mumbai city were hosted.

The festival attracted 3,00,000+ visitors and had 60+ national and international artists participate and create art spread over 2,50,000 square feet of surface.

Proactive engagement and response towards stakeholders

SUPPLIERS AND PARTNERS*

We are committed to conducting our business in an ethical, fair, legally, socially and environmentally responsible manner. We believe that our Business Partners are an integral part of our ecosystem, and we encourage our Business Partners to be responsible corporate citizens. We have also developed a Code of Conduct for our Business Partners to emphasise on our commitments in the areas of business integrity, human rights, labour practices and environment stewardship.

We actively engage with our suppliers through various forums such as annual supplier meets, one-on-one interactions, digital channels, workshops, and seminars. We also provide rewards, such as certificates of recognition and collaboration opportunities, to stakeholders involved in supply chain management.

→ Read more in Manufactured capital and Natural capital sections on page no. 70 and page no. 112 respectively

GOVERNMENT AND REGULATORY BODIES

We collaborate and align with national and international priorities and participate in multi-stakeholder engagements and when relevant, respond to public consultations.

As a leader in the paints industry, we have a robust mechanism to identify, assess and comply with any new and existing regulatory requirement. We are actively involved in discussions with various government authorities through Industry associations to bridge the gap between policy intent and implementation.

Some of the key engaging issues with the Government in FY 2022-23 included:

- Plastic waste management through Extended Producer Responsibility and structuring the EPR portal.
- Engagement with Government on ‘Ease of Doing Business’ initiatives on harmonising State and Central laws and compliances.
- Consensus building on the integration of state approvals in the National Single Window System

- to simplify the process of applying for regulatory approvals and compliances for the investor.
- Engagement with the Department for Promotion of Industry and Internal Trade (DPIIT) on changes in the Legal Metrology Act and Packaged Commodity Rules on rationalisation of various offences.
- Representation on the proposed draft of Digital Personal Data Protection Bill, 2022.
- Providing inputs for amending Paint standards proposed by the Bureau of Indian Standards.
- Pre-Budget recommendation to DPIIT.
- Recommendations given on sustainable and inclusive growth of manufacturing sector in India.
- Providing inputs for making Manufacturing more competitive in India to FICCI.
- SEBI consultation paper on various amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Strengthening Corporate Governance, Strengthening Compliance, review of disclosure requirements for material events or information.

*GRI 2-28: Membership associations





Natural capital

SDGs IMPACTED



Committed to a greener future

Our vision of 'bringing joy to people's lives' depends on our impact on nature and the planet. We have consistently strived to minimise the negative environmental impact of our operations while maximising the positive environmental impact. We strive to offer eco-friendly products, reduce resource dependence, conserve energy and freshwater, control pollution and minimise waste. We are exploring more opportunities in the circular economy and environment stewardship across the value chain.

FY 2022-23 KEY HIGHLIGHTS

62.2%

Electricity from Renewable energy sources

382%

Water Replenishment

235 Megalitres

Rainwater used in operations

~5,200 tonnes

Recycled plastic used in packaging

ESG STRATEGY

- Product stewardship
- Water neutrality
- Energy conservation
- Nature positive
- Water stewardship
- Sustainable Supply Chain Management

KEY MATERIAL ISSUES

- Climate Change
- Toxic emissions, waste, and effluents
- Water Management
- End of life management of product and packaging
- Product stewardship
- Biodiversity

INTERLINKAGES TO CAPITALS



Financial



Manufactured



Intellectual



Social

STAKEHOLDERS IMPACTED



Investors



Vendors



Government

Governance

We recognise that natural capital is a critical component of our business model and plays a significant role in our long-term sustainability. As a result, we have established a strong governance system that ensures that we manage our natural capital in a responsible and sustainable manner.

Under our ESG umbrella, the Company's environment-related performance and systems are overseen by the Board of Directors. The Board has entrusted the responsibility of oversight of Company's performance of ESG strategies to the Stakeholder Relationship Committee. The Risk Management Committee looks after climate related risks. The Board through 'One Link' oversees the implementation of our ESG strategy across the organisation.

We have a dedicated team of experts in matters of environment and sustainability at the corporate office and at each manufacturing location which ensures the execution of environmental initiatives. We have a robust mechanism of environmental data collection, monitoring, and assurance. The processes have been standardised under Environment Management System. The initiatives on product stewardship are led by our Research and Technology team located at Turbhe with state-of-the-art research facilities.

Product stewardship

We are committed to responsible product stewardship, which involves managing the environmental impacts of our products throughout their entire life cycle. Our product stewardship efforts are aligned with our commitment to environmental sustainability and responsible business practices. We believe that by managing the environmental impacts of our products, we can create value for our stakeholders, including customers, employees, suppliers, and communities.

Led by our Research & Technology team, we continuously review and improve our product stewardship practices, and work with our stakeholders to identify and address emerging issues and trends. As a leader in paints industry, we focus on product offerings that meet global sustainability standards, and minimise the overall environmental footprint and toxicity impact, providing higher value and durability for the consumer.

We have a comprehensive Environment, Health, and Safety (EHS) policy, which acts as an overarching guidance manual for our stakeholders. Further, all our manufacturing sites across India are certified for the Environment Management System (EMS) ISO 14001:2015.

At Asian Paints, we have always considered compliance with statutory requirements as a bare minimum performance standard while operating and are committed to going beyond.

Holistic reporting on natural capital performance

We have enhanced the scope of reporting for Natural capital this year from reporting our performance for our 8 paint manufacturing units to also including the performance of our Penta manufacturing plant at Cuddalore. Appropriate callouts have been made wherever performance inclusive of the chemicals plant is reported.



Natural capital

LIFE CYCLE APPROACH TOWARDS PRODUCT STEWARDSHIP

At Asian Paints, we follow life cycle approach to assess environmental impacts of our products throughout their entire life cycle, from raw materials sourcing to disposal. We believe that by understanding the full life cycle impacts of our products, we can identify opportunities to reduce environmental impacts, increase resource efficiency, create value for our stakeholders and provide our customers with a range of sustainably advantaged products as depicted below.



Certified sustainable products and service offerings

At Asian Paints, we consider third-party certifications as an important tool in providing assurance to our customers and other stakeholders that our products meet stringent environmental standards. We seek certifications for our products from reputable and independent certifying bodies, such as the internationally renowned 'Green Seal' certification, CII GreenPro, and our own 'Green Assure' certification.

Our certified products undergo a rigorous evaluation process, which includes testing, verification, and review of our manufacturing processes and supply chain. Further, we are constantly changing and improving our paint formulations to offer low-VOC paints that ensure health and environmental benefits while providing higher performance levels.

Our efforts to produce low VOC paints are recognised by 'Green Assure' and 'Green Seal ' certification standards wherein VOC is one of the important compliance criteria.

There are 30 products under 'Green Assure', out of which 3 products are certified by US Green Seal. Further, this

year, we have been awarded GreenPro certification by Indian Green Building Council, a part of Confederation of Indian Industries (CII-IGBC) for our 16 products making the total number of products under this certification to 203. The product categories covered are undercoats, enamel, interior and exterior water-based paint, wood finishes, and waterproofing range.

Sustainable optimisation of products and services

We have been working on formulation optimisation and efficiency to reduce the overall carbon footprint of the products. This essentially means reducing high-emission contributing raw materials through formulations and process innovations.

For example, the rutile grade of titanium dioxide is a key contributor to the cradle-to-gate product carbon footprint. Over the years, we have focused on improving the scattering efficiency of the rutile. Similar initiatives were undertaken for other raw materials as well. All these efforts helped us to reduce 20,390 metric tonnes of CO₂e in FY 2022-23.

GHG reduction through formulation optimisation (tCO₂e)



Elimination of harmful ingredients

At Asian Paints, our unwavering commitment lies in eradicating harmful ingredients from our products and safeguarding the well-being of our customers, employees, and the environment. We adhere to a stringent process that involves meticulous testing, substituting hazardous substances with safer alternatives, and complying with applicable regulations and standards.

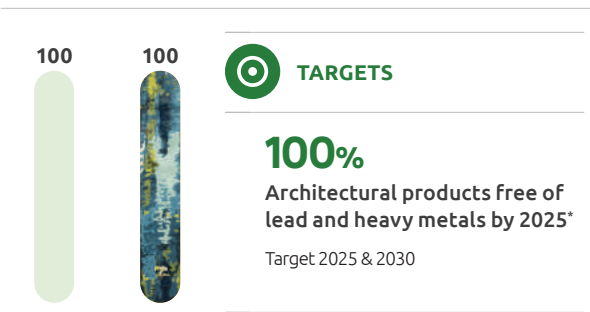
To ensure the highest standards of safety, we have established a robust system and screening protocols for introducing raw materials, seamlessly integrated into an advanced IT platform. Each raw material introduction is treated as a distinct project, subject to multiple stage gates and clear accountabilities. This gating mechanism acts as a formidable barrier, preventing the inclusion of any hazardous or harmful ingredients.

Since 2008, all our architectural paints have been crafted to be free from lead and added heavy metals. Moreover, we have been proactive in eliminating the inclusion of Respirable Crystalline Silica (RCS) from our paints since 2013, even before it became a regulatory requirement.

While our formulations have never included heavy metals, our commitment extends further. We meticulously assess the heavy metal content in raw materials and are taking deliberate measures to eliminate any traces, ensuring our architectural products are completely devoid of heavy metals.

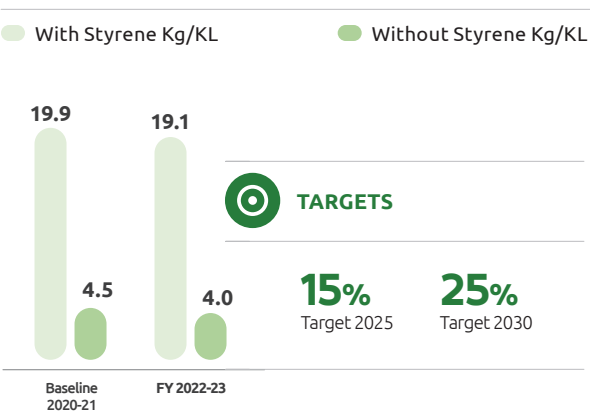
In addition to having a gate mechanism to control the addition of CMR raw materials, we are committed to reducing and eventually eliminating existing raw materials which are classified as CMR, through the development of alternates. One major initiative in this direction is our proposed investment in setting up a Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing facility.

% of Architectural products free from lead and added heavy metals (%)



*No heavy metals are added to products as part of our formulation. We intend to measure heavy metals contained in raw materials and eliminate these and make our products free from heavy metals

% Reduction in CMR substances in products¹ (Kg/KL)



¹ We have been tracking and reducing CMR raw materials in our formulations and reducing and eliminating such raw materials over the years. Styrene was classified as CMR in 2020, hence is monitored and reported separately.

At Asian Paints, our unwavering commitment lies in eradicating harmful ingredients from our products and safeguarding the well-being of our customers, employees, and the environment. Since 2008, all our architectural paints have been crafted to be free from lead and added heavy metals.

Natural capital

Enhancing product life

We are dedicated to delivering products that surpass expectations by combining durability and environmental responsibility. Enhancing product longevity is vital in minimising waste and conserving resources throughout the lifecycle.

Through research and development, advanced materials like polymers and coatings, rigorous testing, and customer guidance, we strive to create long-lasting, low-maintenance products that uphold our performance and aesthetic standards. Additionally, we focus on extending in-can shelf life, ensuring optimal usability for our customers.

7	Products with durability of 3 years or more but less than 5 years
12	Products with durability of 5 years or more but less than 7 years
10	Products with durability of 7 years or more

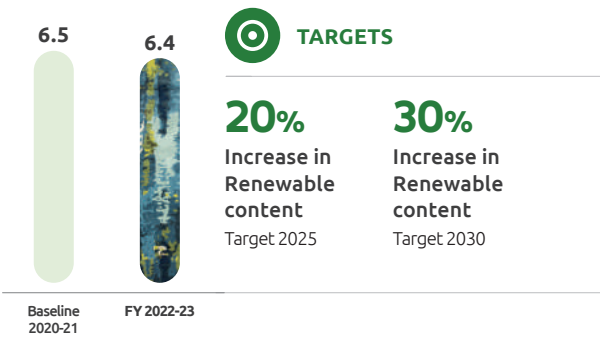
Renewable content in product offerings

As a part of our commitment to sustainable development, Asian Paints has been focusing on renewability in its product offerings. We have been working on developing products that are eco-friendly and renewable, keeping in mind the changing consumer preferences and global trends toward sustainable living. Asian Paints has a range of products that utilise renewable content such as plant-based resins and biomass-based raw materials.

6.4%

Usage of Renewable or bio-based raw materials by volume (not including water)

% Renewable/bio-based raw materials in product offering (%)



SUSTAINABLY ADVANCED PRODUCTS

Through our dedicated product stewardship, we have successfully developed environmentally friendly, energy-efficient, durable, and health-conscious products that embrace sustainable materials. Our 'Sustainably Advanced Products' go beyond industry standards, meeting specific criteria that highlight their exceptional sustainability. These products embody our commitment to a greener future.

30%

Revenue contribution of Sustainably Advantaged Products during the year

Reduced energy and emissions

We design products which offer resource efficiency benefit in use-phase or products which have been formulated in manner which brings down emission

Available products

SmartCare Damp Proof range of waterproofing products that provide surface temperature reduction



Longer lasting performance

We develop durable products that protect surfaces for longer, thereby helping consumers reduce costs while saving resources and reducing carbon emissions over the life of the product

Available products

22 products having durability of 5 years or higher

Health and well-being benefits

We focus on developing products that bring health advantages to customers, such as helping to improve indoor air quality and hygiene of surfaces

Available products

- 30 Green Assure certified low-VOC products, out of which 3 are Green Seal certified
- Royale Health Shield, anti-bacterial paint that also improves indoor air quality



Reuse, Reduce, Renew

We develop products which use less materials, reuse or recycle waste material, reduce waste and utilise higher bio-based or renewable content, enhancing circularity

Available products

Nilaya Naturals first-of-its-kind paint which contains more than 90% of its materials from natural origin



Natural capital



Water stewardship*



Water is a critical natural resource that is essential to our business operations, and we recognise that the responsible management of water is crucial to our long-term sustainability. We have implemented a water stewardship programme to ensure that we use water responsibly, minimise our impact on local communities, and protect water resources for future generations.

WATER MANAGEMENT STRATEGY

We have developed a comprehensive water management strategy that includes risk assessment, water conservation, and replenishment inside and outside the factory.

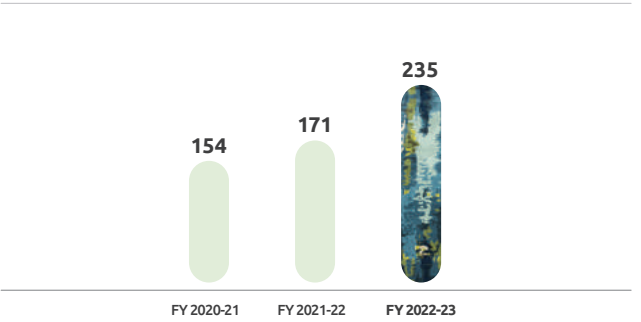
Our sites in India are assessed on water stress risk in line with guidance from Central Ground Water Board ('CGWB') groundwater block classification as recommended by SEBI under BRSR disclosure. As of 31st March 2023, none of our manufacturing plants falls under the water-stressed area.

WATER CONSERVATION AND REPLENISHMENT INSIDE FACTORY PREMISES:**

On-site projects

Our on-site projects are focused on reducing freshwater consumption and increasing the share of recycled water in our processes. The use of rainwater in the process is one of the important focus areas along with efficiency improvement.

Rainwater collected and consumed within the factory (megalitres)



Mysuru Plant utilised almost 120,000 KL of rainwater for process requirements, which is 64% of total water consumption and 177% of total freshwater consumption in the plant. Similarly, our Visakhapatnam Plant utilised more than 80,000 KL of rainwater for process requirements, which represents 65% of total freshwater consumption and 39% of total water consumption at the plant.

Specific non-process water consumption at paint manufacturing plants

During the last decade, we have been focussing on the reduction of our non-process water consumption. These involve the adoption of water-efficient technologies and enhancing recycling and reuse.

Our focused and sustained efforts have resulted in a specific non-process water reduction of 54% since FY 2013-14.

Specific Non-Process Water Consumption (KL/KL)

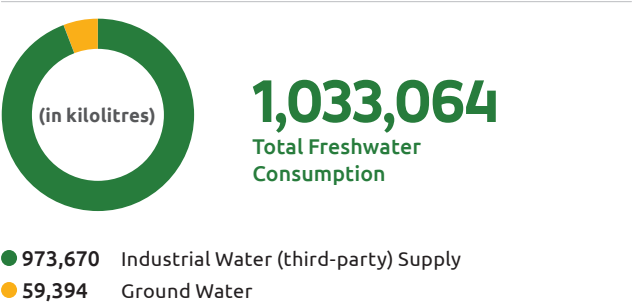


In FY 2022-23, there was an increase in the water consumption at some of our sites due to expansion projects in multiple sites as well as changes in certain consented conditions resulting in increased freshwater consumption. We have identified interventions to mitigate the impact of such changes and reduce absolute freshwater consumption to achieve our 2025 and 2030 promises.

Water withdrawal at the standalone level*

During the year we withdrew 1,033 megalitres of total water and harvested and reused 235 megalitres of rainwater. . The water withdrawal with Total Dissolved Solids >=1000 mg/L was 12.24 megalitres

Freshwater Consumption**



WATER REPLENISHMENT AND CONSERVATION OUTSIDE FACTORY PREMISES

For the last several years, we have been working in collaboration with communities to improve the availability of water in the ecosystem near our plants by increasing the infrastructure to harvest rainwater.

We implement integrated watershed development in villages nearby to our factories to improve their water security. We undertake initiatives like pond cleaning, desilting, check-dams, irrigation canal lining, training farmers on micro-irrigation systems, and integrated pest and soil health management. Our projects begin with a need assessment to form a baseline and conclude with an impact analysis to measure the outcome.

Significant and sustained investment in the creation of the harvesting and recharging potential over the years coupled with better rains, helped us replenish 382% of the freshwater consumed in our paint manufacturing sites in FY 2022-23. This has ensured the strengthening of ecosystem services for water supplementation for indoor use, water supplementation for food production, and groundwater recharge.

In FY 2022-23, we replenished 382% of the freshwater that we use in our paint manufacturing sites.



Transforming agriculture in Nonand Village

In Nonand village near our Rohtak plant, where agriculture is the primary livelihood, water scarcity posed a significant challenge due to unreliable canal supply and high losses. Our CSR water initiative lined a 1,500-meter stretch in FY 2022-23, benefiting 40 farmer families across 25 hectares.

- The results were transformative:
- Minimised water loss from percolation and seepage, ensuring a consistent water supply to tail-end farms throughout the year.
 - Increased agricultural productivity with year-round crop cultivation.
 - Reduced dependence on groundwater resources.
 - Substantial fuel savings in tube-well operations.



*GRI 303-1 Interactions with water as a shared resource |
** GRI 303-5 Water Consumption

**303-5 Water Consumption | GRI 303-3 Water withdrawal

Natural capital

Energy conservation

ENERGY MANAGEMENT*

Energy management is one of the key strategic areas in our pursuit of sustainability in our operations. Energy consumption is not only the main source of emissions but also has a direct implication on the cost of operation. Our energy management strategy involves the following:

- Increasing energy efficiency**
This primarily involves reducing the quantity of energy used in our operations by process optimisation, using energy efficient technology, and conserving/recovering energy through activities like recovering waste heat among others.
- Increasing the share of renewable energy**
We have been making sustained efforts toward transitioning to renewable energy over the last decade through investments in solar and wind projects.

In FY 2022-23, total energy consumption on a standalone basis stood at 1,196,127 GJ, out of which 913,261 GJ contributed to direct energy consumption and 282,866 GJ contributed to indirect energy consumption 10,447 GJ of steam was procured during the year and is included in indirect energy.

Energy efficiency

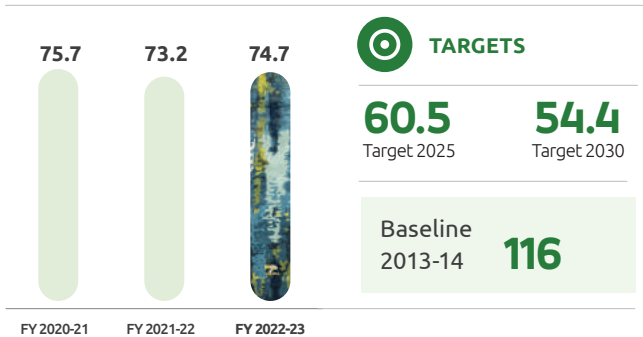
Our efforts in energy management have resulted in a gradual decline in our total energy consumption over the years, as well as increased the percentage of renewable energy consumption.

Energy management and energy intensity are key metrics for the performance measurement across teams. A periodic energy audit mechanism is in place and progress against CAPA is monitored.



One of the key metrics that we have been monitoring and concentrating on is Specific Electricity Consumption at our decorative paint plants. The specific electricity consumption (KWh/KL) is as follows:

Specific Electricity Consumption** (KWh/KL)

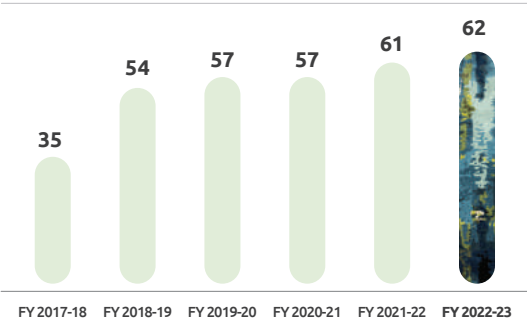


In FY 2022-23, there was an increase in electricity consumption at some of our sites due to multiple ongoing expansion projects.

RENEWABLE ENERGY

We have an installed capacity of 24.6 MW of solar energy and 24.3 MW capacity of wind energy. The overall contribution of renewables to electricity consumption stands at 62.2% compared to 61.1 % last year.

Rising trend of renewable energy consumption (%)



62.2%
Renewable energy consumed in FY 2022-23 as part of the total electricity consumption

Emissions

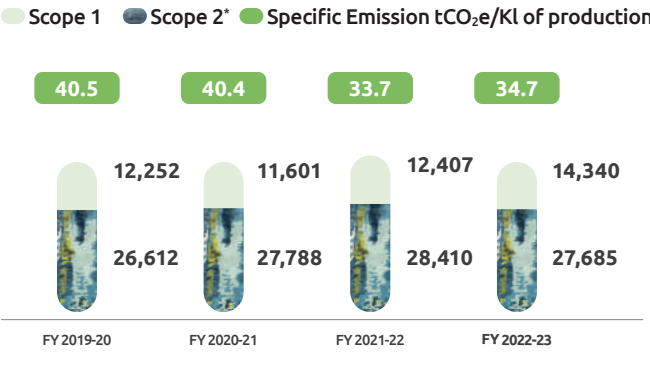
Aligning our emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks, we have streamlined our processes to move closer to this common goal. Reducing GHG emissions is not only a business imperative for us at Asian Paints, but also forms a vital part of our environmental stewardship.

GHG emissions*

We have achieved significant reductions in both our Scope 1 and Scope 2 emissions for the paint business. Our Scope 1 emissions have decreased by 43%, while Scope 2 emissions have seen a remarkable 47% reduction compared to FY 2013-14.

Moreover, our emission intensity has dropped by an impressive 74% from the baseline year. These improvements are attributed to our energy efficiency initiatives and continued investments in renewable energy. Notably, we avoided emitting 1,671 tCO₂e through increased use of renewable electricity against last year's base.

GHG emissions (tCO₂e)



TARGETS

75% Reduction in emission intensity over baseline
Target 2025

80% Reduction in emission intensity over baseline
Target 2030

Baseline 2013-14		
25,072	52,471	131.15
Scope 1 tCO ₂ e	Scope 2* tCO ₂ e	Specific Emission tCO ₂ e/Kl of production

The total Scope 1 and Scope 2 emissions on a standalone basis during the year was 103,394 tCO₂e. Biogenic emission due to combustion of biofuels was 171 tCO₂e/KL.

*The Scope 2 emissions have been revised for previous years. This is because of a change in methodology. The emission factors for the respective year have been referred to from CEA guidelines.

Use of biogas at Khandala

At our Khandala Plant, we have consistently pursued greener fuel options to meet our heating requirements. Two years ago, we adopted LNG as a sustainable fuel. Building on this progress, we recently began utilising biogas, another eco-friendly fuel derived from waste.

We source this biogas from a vendor who generates it from Pune municipality food waste. Approximately 4.5 tonnes of biogas is produced from every 100 tonnes of food waste. Over the course of the year, we successfully consumed 20.18 tonnes of biogas, furthering our commitment to sustainable energy practices.

*GRI 302-1 Energy consumption within the organisation
** GRI 302-3 Energy Intensity

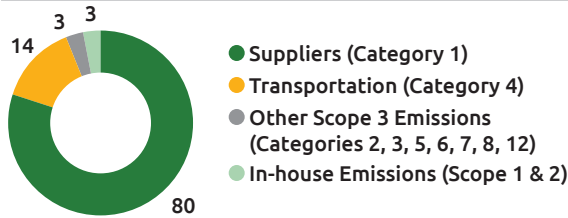
*GRI 305-1 Direct (Scope 1) GHG emissions | GRI 305-2 Energy indirect (Scope 2) GHG emissions
GRI 305-4 GHG emissions intensity | GRI 305-5 Reduction of GHG emissions

Natural capital

Scope 3 emissions*

During the year, our total scope 3 emissions are estimated to be 33 Lakhs tCO₂e. The category-wise details have been provided below:

Category Level Total GHG Emissions (%)



Transition to low carbon

Over the last 10 years, we have been working on reducing our Scope 1 and Scope 2 emissions primarily through our initiatives around renewable energy and energy efficiency. Through this, we have been able to achieve a 43% reduction in Scope 1 and a 47% reduction in Scope 2 emissions from the baseline year of 2013-14 in absolute terms. The 62.2% of renewable electricity share is the testimony of the journey we have travelled so far. We have also been working on reducing our carbon footprint in the value chain through multiple initiatives under product stewardship, increasing recycled content in packaging and greening our logistics. This year we have completed our scope 3 baselining and going forward shall continue working for low carbon transition. Our proposed investment in setting up low-carbon-intensive Vinyl Acetate Monomer and Vinyl Acetate Ethylene emulsion manufacturing is a strong step towards this direction.

Multimodal outbound logistics

With national logistics policies gaining traction, we have been quick to adopt multimodal transport, while also using cleaner fuel powered vehicles. Such initiatives help us reduce the emissions in our outbound logistics. Some of the key initiatives undertaken during the year are:

Sea dispatch

Over 2000 Tons of finished goods movement from Chennai to East was piloted during the year using Sea dispatches instead of road transport mode

Multimodal dispatch

Over 29,000 Tons of finished goods movement was done using multi-modal utilising rail for long haul dispatches

These initiatives helped us reduce more than 3,000 tCO₂e of GHG emissions from our logistics footprint, while also optimising freight cost.

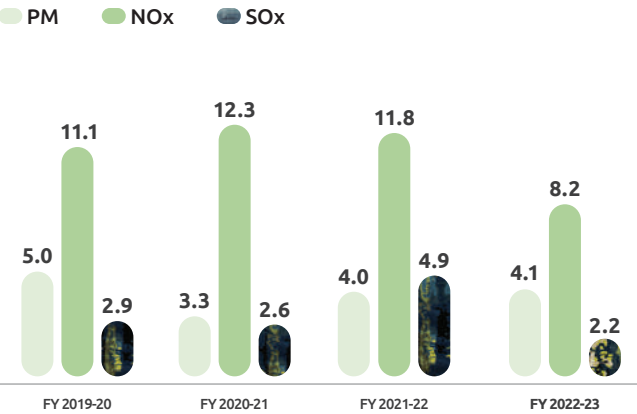
Other emissions

We have been monitoring and measuring other significant emissions through our stacks. We not only ensure to comply with the regulatory requirements but also strive to maintain these emissions at near-zero levels.

Across our plant, we have switched to cleaner fuels, replaced the diesel-based DG sets with gas-based, undertaken DG retrofitting, and reduced boiler use by utilising community steam boilers and setting heat recovery units.

At our decorative paint units, the absolute Particulate matter (PM), NOx, and SOx emissions were 4.8 MT, 9.9 MT, and 2.7 MT respectively. While at the standalone level, the absolute PM, NOx and SOx emission was 10.48 MT, 40.28 MT and 10.68 MT respectively.

Other emissions at paint units (g/Kl)**



Shifting Gears to Cleaner Fuels in Rohtak and Kasna Facilities

At Rohtak, we have replaced 4,000 KW of diesel generators capacity with gas-based generators as its secondary source of captive power consumption, set up in-house infrastructure for PNG handling and executed a long-term agreement with a vendor to move towards usage of cleaner fuels and replaced heavy carbon emissive diesel with natural gas.

Similarly, in Kasna, all our equipment connected to stacks (thermopacs and boilers) are run on PNG. In FY 2022-23, we have replaced our Diesel Generator sets (6x500 kVA) with Gas-based Generator Sets (2X1765 kVA; 1x315 kVA).

Nature positive

Nature Positive, at Asian Paints, refers to a holistic approach to sustainability that considers the environmental impact of the company's operations and strives to create a positive outcome for both the company and the planet. The theme includes our efforts around emission reduction, renewable energy and energy efficiency, waste reduction, and biodiversity.

Acknowledging the existing and emerging climate change risks and continuing our commitment towards minimising its impact, we support TCFD and have disclosed our readiness for low carbon economy. Please refer Climate related disclosures on page no. 52 for more details.

Waste management involves reducing waste generation, increasing recycling and proper disposal of hazardous materials, and promoting circular economy practices. Biodiversity conservation involves protecting and enhancing the natural ecosystems in and around the Company's operations, such as by preserving or restoring habitats and supporting local biodiversity conservation initiatives.

WASTE MANAGEMENT*

Minimising waste in our processes not only reduces costs but also reduces our use of materials, energy, water and land. We follow the classical '3R' strategy: Reduce, Reuse and Recycle for waste management. Systems and procedures have been developed through which we repurpose used material and reintroduce excess material into the production process. We keenly monitor and manage material efficiency, to reduce resource consumption and avoid waste generation.

Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste and others, are inventoried periodically and are disposed of in compliance with applicable government regulations. Our manufacturing units are equipped with waste storage facilities with a well-defined procedure that ensures waste is stored in a proper manner, thereby avoiding any threats posed to the health and well-being of our employees and our surrounding environment.

At our paint manufacturing unit, specific hazardous waste disposal (Kg/Kl) has seen a consistent year-on-year reduction since the baseline year of 2013-14. Specific Hazardous Waste Disposal saw a 21% decrease from last year and 71% decrease from 2013-14.

At the standalone level, during the year, the 1,129 MT of hazardous waste and 12,671 MT of non-hazardous waste®

was disposed of from our units#. We directed 43% of hazardous waste for recycling and co-processing, 19% to a secured landfill, and the remaining 38% for incineration. Similarly, we directed more than 99% of non-hazardous waste for recycling.

* Non-hazardous waste doesn't include e-waste, battery waste, R&D, and Bio-medical waste. The details for the same have been provided under principle 6 of the BRSR.

Reasonable assurance by Price Waterhouse Chartered Accountants LLP for waste disposal numbers.

Specific Hazardous Waste Disposal (Kg/Kl)



Teflon Baffles

In the emulsion reactors, there used to be baffle agglomeration on the surface of the baffle resulting in waste generation. During the year, we replaced Stainless Steel baffles in emulsion reactors with Teflon baffles which helped us in eliminating waste generation. This initiative is expected to avoid 40 MT of waste generation and has been implemented at Khandala, Patancheru, Rohtak, Mysuru and Visakhapatnam plants.

Leakage reduction by adopting new technology

During paint transfer from one section to another in the production block, considerable amount of paint used to get leaked. A proven and cost-effective latest technology has been adopted at Kasna and Khandala plant which helped us in leakage reduction. This initiative is expected to avoid 18 MT of hazardous waste generation in a year.

*GRI 306-1 Waste generation and significant waste-related impacts | GRI 306-2 Management of significant waste-related impacts
GRI 306-3 Waste generated | GRI 306 -4 Waste diverted from disposal | GRI 306 - 5 Waste directed from disposal

*305-3 Other indirect (Scope 3) GHG emissions | ** 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

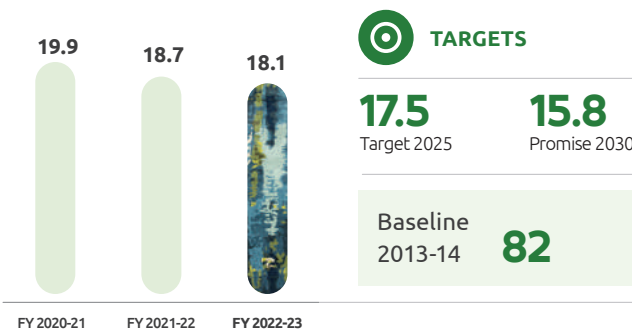
Natural capital

WASTEWATER MANAGEMENT**

Industrial effluent is generated during paint processing and afterwards during equipment and pipeline cleaning. Source reduction is our major area of focus, and we have over the years achieved a significant reduction in the same through the use of pressure cleaning systems and enhanced utilisation of resultant wash water back in our process. Whatever effluent cannot be reused is recycled in our ETP and advanced treatment systems. This recycled water is then utilised to fulfil both process and non-process requirements.

All our manufacturing sites are zero liquid discharge facilities i.e. zero discharge of effluent outside premises.

Specific Trade Effluent Generation at decorative paint manufacturing plants (Litre/Kl)



CIRCULARITY IN OPERATION

Recycled plastic

We increased the use of recycled plastic in a host of our product packaging. The total quantity of recycled plastic used in our packaging was more than 5,200 tonnes in FY 2022-23. This accounts for 7.8% of total plastic packaging.*

Waste to value: Plastic Waste Management (PWM)**

We have been ensuring the collection and safe disposal of our packaging waste through the Extended Producer Responsibility (EPR) approach since 2018. Under plastic Extended Producer Responsibility (EPR), we have collected over 4,900 MT of flexible plastics and 49,000 MT of rigid plastic. The collection and responsible channelisation were ensured across 23 states. More than 99% of the total plastic collected was channelised for recycling while the remaining was co-processed.

Wash water

In FY 2022-23, we utilised 30,400 MT of wash water in our products, resulting in the avoidance of freshwater consumption and generation of waste sludge through the wash water.

Waste solvent reuse

We continued to recover and reuse waste solvents in our products. In FY 2022-23, we were able to reuse 599.7 MT of solvent in products. In addition to this, we also use recovered solvents for cleaning purposes.

Economy grade paint

In case of materials where source segregation or development of reuse scheme is not possible, we collect and use these materials in producing an economy grade paint. We have been able to segregate, reprocess and produce 2,321 MT of economy-grade paint in FY 2022-23.

BIODIVERSITY^

While none of our manufacturing locations is situated in or adjacent to any protected area, we are cognisant of the impact of our activities on the local biodiversity and take proactive steps to minimise any negative effects.

We comply with legal criteria for green belt development and take measures to increase local biodiversity, such as growing native plant species within our facilities, avoiding clearing existing forests, and protecting wildlife. Our long-term objective is to enhance the site's biodiversity value and, whenever possible, work with locals outside the premises.

We have prioritised the conservation and nurturing of biodiversity in and around our operational areas for several years. Our approach begins with conducting a thorough baseline study, followed by the development of a comprehensive natural action plan. In a phased manner, we implement interventions aligned with the plan.

Notably, our Sriperumbudur plant initiated a systematic approach to flora and fauna management within its premises, achieving remarkable progress year after year. Similar efforts have positively impacted local biodiversity at our Mysuru, Visakhapatnam, Khandala, and Rohtak plants, as well as our R&T center in Turbhe. Additionally, at our Kasna plant, we have taken on the responsibility of community land to enhance the green cover, exemplifying our commitment to preserving and enhancing the natural world.

*GRI 301-2 Recycled Input Material used - Recycled plastic content as a percentage of total plastic packaging procured
** GRI 303-2 Management of water discharge related impact | GRI 303-4 Water Discharge
^GRI 301-3 Reclaimed products and their packaging materials
^^GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
GRI 304-2 Significant impacts of activities, products and services on biodiversity

CASE IN POINT



Community park development at the Kasna Plant

The Kasna plant has developed a park that contributes to reducing our environmental footprint, carbon sequestration, and recharge of groundwater aquifer. Spanning 1,500 sq mt, it features a micro forest using the Miyawaki method, densely packed with 422 perimeter and 911 interior trees, diverse plant species, and a bio pond. Recognised by UPSIDA, this park sets an industry benchmark, showcasing our commitment to sustainable practices and environmental stewardship.

CASE IN POINT

Sriperumbudur continuing the biodiversity agenda

Our Sriperumbudur plant has been the torch bearer in driving the biodiversity agenda for multiple years now. The plant achieved 72% in the biodiversity assessment carried out by CII. Continuing their journey this year as well, as recommended by CII & IBBI in Natural Capital Action Plan to achieve net zero carbon footprint and climate resilient, around 92 invasive species trees were removed and 23 species of 1,378 numbers of native trees were planted as dense forest inside the plant premises in 13,000 ft of area. These plants are cyclone-resilient species.

Further, during the year, Herbal Garden –II project was executed and over 811 herbal plants & trees were planted across an area of 2,500 sq ft. This project contributes to the enhancement of the species diversity index of the plant.

CASE IN POINT

Organic kitchen garden at Khandala

Within our plant's green space, we dedicated 1,400 sq mt area for the development of a kitchen garden. Adopting a scientific and results-oriented approach, we followed a methodical process that included:

- Thorough soil analysis conducted by an external laboratory
- Site preparation with carefully cultivated soil beds
- Selection of appropriate crops based on soil quality
- Implementation of optimised irrigation systems using drip and sprinkler techniques
- Exclusively utilising organic fertilisers
- Incorporating suitable structures to ensure ample sunlight and a pest-free environment

Within just three months, this garden blossomed, showcasing over 20 varieties of fresh vegetables. The produce is promptly harvested and transported directly to our canteen, where it becomes part of our employees' meals. The accessible kitchen garden also serves as a delightful respite for employees seeking a rejuvenating break amid nature's beauty.



Management Discussion & Analysis

Macro-economic landscape

The year 2022 proved to be a tumultuous period for the global economy. Since the beginning of the year, there were a lot of growing voices about the deteriorating situation in Ukraine, but the beginning of the conflict took all by surprise. While the loss of human life and the sufferings it induced is undeniably unfathomable, its impact on the overall global economy was also profound.

The surge in inflation witnessed across commodities in the aftermath of the conflict, added to the already elevated inflationary concerns across economies grappling with the fractured supply chain networks resulting from the COVID fallout. This led to unprecedented, synchronised increases in policy rates across all major economies which not just resulted in monetary policy tightening across the emerging economies but also led to significant forex reserve challenges in many economies, ultimately impacting the business conditions across many markets.

The Indian economy, too, encountered headwinds during the year. Following the sharp rebound in domestic economic activity during the previous financial year, FY 2022-23 was a year of normalisation with demand in many sectors gradually moderated, yet remaining robust. Global risk aversion on the back of the rapid rate increases by the developed economy meant persistent pressure on the exchange rate, adversely impacting import-dependent businesses such as ours. Simultaneously, the Reserve Bank of India tightened the monetary policy to counteract the sticky inflation in the economy. Consequently, the Indian economic growth was expected to be lower - at about 6.8% to 7% mark for FY 2022-23, as compared to 9% registered for the previous fiscal year. However, in a year which saw growth decelerating across the world with recessionary expectations building up, the Indian economy still exhibited resilience, underpinned by robust domestic consumption demand and well supported by the Government's push on infrastructure build-up in various parts of the economy.

OUTLOOK

The year 2023 has continued to see bouts of uncertainty that have tested the growth conditions across the world. Headline inflation continues to remain elevated, exceeding the comfort zone of the monetary authorities and it would result in continued uncertainties in the financial markets and a carry-on impact on the economic conditions. These interdependencies were clearly at play during the recent upheaval in the banking sector in the US and Europe. While the turmoil appears to be contained for now, risk indicators continue to remain a matter of concern.

Multi-lateral agencies have already cautioned about the slowdown in global growth with geo-political tensions adding another layer of ambiguity to the existing uncertainties. Amidst these uncertainties, the Indian economy is expected to be an oasis of stability, offering continued growth momentum. While this momentum may not be entirely impervious to global developments, domestic anchors are firmly in place to propel the economy forward. Businesses, across geographies, would need to be vigilant and exhibit flexibility, working with dynamic operating models to adapt to the evolving conditions while simultaneously building resiliency in their business models to ensure sustained performance.



Business Segment Review

DECORATIVE BUSINESS IN INDIA

FY 2022-23 started with very positive consumer sentiments for the decorative business. Quarter 1 this year was in all comparisons the first normal quarter after almost two years as the environment headed to normalisation post the pandemic in the context of the major COVID waves behind us.

We were well-prepared for the surge in demand with our distribution infrastructure and supply chain ready to address this demand most efficiently. We deployed all enablers in servicing the consumers with the best-in-class products and collaborated very closely with our influencers. However, the season demand which is typically centred in the third quarter of the financial year, was impacted by an early Diwali and extended monsoons throughout large parts of the country. A comforting factor has been the good comeback in overall demand conditions as we ended the financial year, with demand in both – the urban as well as the rural markets, picking up.

Overall, for the year, we maintained the exceptional momentum of the last few years and delivered a robust volume growth of 14% and a value growth of 20%, strongly reinforcing our leadership position.

During the year, we made significant efforts to reach out to new consumers on a massive scale. Putting the consumer at the core of our strategy, we ensured the availability of products across towns and channels, giving a spurt to the demand for premium products across the barriers of rural and urban. We brought delight to consumers with a range of new product launches and offerings. For the discerning customer, we launched the Royale Glitz Ultra Matt which provides a luxurious dead matt look. The entire Royale Glitz range now also talks about a crack-free performance in interiors for the very first time in the industry. We continued to see the tremendous response to our pathbreaking innovative



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product - SmartCare Hydroloc, in the waterproofing segment. And we further added to the repertoire with the successful introduction of SmartCare Hydroloc Xtreme which takes performance to the next level. At the entry-level exterior emulsions space, we launched Ace Power+ which offers unprecedented shade retention properties leading to consumer joy for many years. We also launched a PU-based wood finishes product – Purafin, at an extremely attractive price point. This will present an opportunity for consumers to upgrade to a PU-based finish for wood surfaces at a very reasonable price.

We were able to create a new paradigm of influencer relationships. The impetus was on physical reach-outs with our product stories given the last two years of the pandemic. Strategically, we went to T3 and T4 towns to partner with new painters and contractors. Product propositions bringing delight to customers was the core message aptly delivered through these reach-outs and this led to significant penetration of our premium and luxury ranges of products.

For the last two decades, every year, we collaborate with experts from a range of creative disciplines - architecture, art, interiors, fashion, sociology, media and FMCG, to put together ColourNext, a comprehensive forecast of design directions in colours, materials, textures and finishes that are relevant to the world. ColourNext 2023 forecast captures the spirit of 2023 about building a better future, embracing our past and present and creating with joy, hope and intention. The colour of the year 'Silver Escapade' encapsulates the optimism with which we are going forward. The sentiment is reflected in the four forecast design directions for 2023 - Gothiclicious, Shroom, Edge of the Forest and Sleep Sense, the stories addressing sociocultural topics ranging from how we express ourselves to a newfound urgency for wellness and forming deeper connections with others and the world around us.

Even in the Projects and Large Business Users market segment, we made impressive inroads especially with gains coming from the Builders, Industries and

Government spending categories. The growth has been led by the acceptance of Asian Paints as a trustworthy brand not just in the Paints category but in allied categories of Waterproofing and Construction chemicals as well, with large gains coming in the Admixtures, Repair and Flooring categories. Innovation through offering an end-to-end service model for large project customers is a clear differentiator for us in the market.

Décor and consumer services

Asian Paints is committed to becoming the largest integrated home décor brand in India. We intend to achieve this by building an enviable digital presence through the website and social media, creating unmatched consumer access through the stores and creating an unparalleled span of décor products & services across categories.

At the heart of the digital experience for décor are inspirational content, engagement and good design curation to build a new-age home décor brand that is tasteful, approachable and trustworthy. The digital décor



Asian Paints Beautiful Homes

engine, www.beautifulhomes.com, underwent a refresh to become India's leading destination for home décor enthusiasts and design professionals for home décor inspiration, design services and products. The brand continued to build and nurture the largest active community of décor enthusiasts and design professionals through relevant content, community interaction and displays at exhibitions and events.

Our network of **Beautiful Homes Stores**, now spread across 31 cities, continued to expand further providing the best-in-class consumer experience through expert consultation, 3D visualisation, endless customisation and true one-stop shop for décor, enabled by cutting-edge technology and the best physical store elements. A new addition to the décor retailing portfolio was the



At the heart of the digital experience for décor is inspirational content, engagement and good design curation to build a new-age home décor brand that is tasteful, approachable and trustworthy.

Management Discussion & Analysis

franchise-owned stores of White Teak, to rapidly expand the reach of the premium lights offering.

We continued to augment our décor offerings for our décor conscious customers expanding into newer décor categories and increasing the width of our offering. Our offerings now include products in furniture, furnishing, lights, rugs, modular kitchens, bath solutions, wooden flooring & tiles, home automation and UPVC windows. We continued to expand our offering in furnishings fabrics and came out with award-winning collection which helped us become one of the leading players in the Indian furnishing fabric industry. We also launched an exciting range in bedding and rugs to further deepen our home décor offerings and leverage our design expertise across categories. In the new businesses of Lights through the White Teak brand, we added a host of new offerings providing unmatched design and differentiation to the customers. We also launched customisation services to give unique and elevated experiences to the customers as per their imaginations. We forayed into the architectural lights category with the launch of an extensive range of architectural lights catering to the needs for both indoor and outdoor range. We continued our focus and drive on establishing the Weatherseal uPVC windows brand with more than 50 stores expansion with a pan-India footprint.

Beautiful Homes Service, the flagship interior design service, continued to grow in strength with a sharp focus on building a strong technological backbone and on-ground execution capability, to bring every “Dream Home” alive. The service continued to work on bringing

a sharp focus on a delightful consumer experience led by designing and execution excellence as its key differentiator.

Focusing on our core mantra of providing customers with a hassle-free and reliable painting solution, our Safe Painting Service and Trusted Contractor Service, gained further momentum with a presence in more than 600 towns, addressing lakhs of customers. We are committed to both, elevating our service levels as well as expand the reach of the service so that every Indian has access to a world-class painting service. Our newly launched Platinum tier of service also received a warm response from customers. The Trusted Contractor Service has also scaled up in an extremely strong manner across geographies and now provides a strong bridge with our trained contractors while providing consumers with budget-friendly options.

KITCHEN BUSINESS

Sleek International Pvt. Ltd. (Sleek), our 100% subsidiary, is present in both the Kitchen Components as well as the Full Modular Kitchen Solutions segments. Under the Kitchen Components segment, we sell our range of Kitchen Hardware, Kitchen Accessories and Kitchen Appliances through the B2B channel. Under the Full Modular Solutions segment, we undertake design-to-execution of full kitchens and wardrobes through a strong network of franchisee-owned Sleek showrooms across the country. Our luxury kitchen options range across technical, material and design superiority and enable the inclusion of a wide variety of options for all consumer groups. Beautiful Home Stores and Services have also begun to add to the business. We also have a dedicated projects channel to provide Full Modular Solutions for new constructions, especially residential housing.

Business performance

During FY 2022-23, Sleek clocked revenue growth of 6.3% to register sales of ₹ 425.5 Crores, driven by growth in the modular solutions segment led by the exclusive Sleek stores for Kitchen and Wardrobes. Beautiful Home stores added in contribution. Fitted furniture launched exclusively for Beautiful Home Services has seen initial launch success in the year. With over 270 stores, the reach is unparalleled in providing access and service excellence to our consumers. Luxury kitchens contributed to about one-third of the value sale strengthening Sleek’s brand positioning as a premium player in the market. In the Wardrobes category, the launch of the premium collection under the label 'Crest' was received well. Walk-in wardrobes and new finishes and shutter options kept the offering contemporary and continue to sustain

the excitement. Metal carcass and waterproof options for kitchens are also under development enabling an enhanced offering for consumers. Expansion and gains in depth at Beautiful Homes Stores and with the Beautiful Home Services are expected to be drivers for the year ahead. We are also formidable players in the residential builder markets of Mumbai and Pune.

The Kitchen Components business grew at 9.5%. The segment saw price fluctuations in the year, especially with the contribution of imported components being high. We continued to expand our network and product offerings in the year. In the coming year, value engineering in components, the addition of new products and addition of new categories of furniture components will aid in range expansion. New products like sliding and profiles also have scope for further expansion in reach across the country. Apart from indigenisation, we are also developing special coatings that provide value-for-money offerings in components. The distribution structure and logistical tie-ups for kitchens, especially components have been revamped to lower costs. With an enhanced offering, greater reach and working with influencers the promise for the FY 2023-24 is strong and exciting.

BATH FITTINGS AND SANITARYWARE

Asian Paints entered the competitive Bath business by acquiring the front-end business of Ess Ess in FY 2014-15. Over the years, we have expanded our network as well as product range, particularly the sanitaryware and kitchen sinks’ range to further leverage our network and presence in the Chrome-plated (CP) fittings market. We are committed to creating a new world of bath products and solutions, where the consumer can actively look at solutions and customised offerings to meet varied functional, design and décor needs.

Business performance

The business grew well during the year, leveraging the network and product expansion initiatives undertaken in the past to clock sales of ₹ 406 Crores at a growth of 15%. The agenda of premiumisation was taken ahead with the new-to-industry CANVAS range of products apart from Neo control thermostat, Neo range of Smart Water Closets and Pneumatic cisterns. Products under CANVAS come with one-of-its-kind Lotus 25 hydrophobic technology that provides a long-term warranty from scaling due to hard water on the CP fittings. The business also moved ahead with the launch of concept bathrooms under BESPOKE – which offers themes and designs for a full bathroom solution as a service to customers in select cities. This has helped us not only access consumers seeking design and décor options but also tie in with influencing retailers. We were also able to reach out to the Architect and designer fraternity with our offerings and have received appreciation for the products, services and after-sales service. Plumber training and knowledge building have been key touchpoint in the year with accreditation-led training. Enhancing access with influencers will continue to be the driver for FY 2023-24 as we seek to build our strength in the retail channel. The business continues to work on various product development initiatives for the future, further enhancing its capability to offer contemporary, innovative and differentiated solutions, catering to a wide spectrum of consumer preferences. The business continued to make a strong impact in the Projects segment during the year. We are now working with prominent builders and construction companies and also catering to government infrastructure orders at an enhanced scale. The network expansion drive also continued right through the year, with increased



Management Discussion & Analysis

representation in large cities as well as next-tier towns. Continuing with service excellence as focus, we ensured that technicians provided prompt and reliable post-sales support, strengthening our offering to consumers. We have placed significant focus on operational performance and thus concentrated on productivity enhancement through automation, mechanisation and training at our manufacturing plant in Baddi. The distribution structure has also been revamped to lower the costs of distribution. This helped the business reduce costs significantly and, along with the efficiencies of scale, enabled the business to ensure gross margins and also deliver overall profits for the year. Work on setting up a second manufacturing facility for both the Kitchen and Bath businesses is near complete and will be commissioned in FY 2023-24.

Supply chain

During the year, Supply Chain networks across the world continued to experience volatility and uncertainty. While on the one hand, most value chains recovered from the disruption created by the COVID-19 pandemic, on the other hand, uncertainty crept in on two counts – the armed conflict in Europe and China’s continued stance of zero tolerance towards COVID-19, with the relaxation of this stringent stance only towards the end of the year.

Uncertainties around these actions impacted the production of speciality chemicals, especially in Germany – a major manufacturing hub. This led to two contrarian scenarios - manufacturing cost escalation and at the same time softening of demand, especially with China still under stringent restrictions. After the initial spike in commodity prices, most raw material prices saw a softening trend, with most bottoming out in the third quarter. We actively collaborated with all key suppliers through strategic alignments undertaking multi-pronged actions to address the challenges and yet deliver the reliability of service in the market to exacting standards. These actions resulted in operating the manufacturing processes with the least hindrances and ensured a steady supply of products in the market.

From a demand servicing perspective, your company continued to deploy cutting-edge technologies that continuously optimise the supply chain parameters and servicing. As the Company scaled into adjacent products, a segmented supply chain has been created that is tuned to address the nuances of specific product streams. This year we delivered the highest-ever ‘Day Zero’ service levels in an ever-expanding distribution network covering dealers, distributors and direct-to-site deliveries. Emerging logistics ecosystems including multi-modal shipment routes were leveraged on identified lanes which not only optimised costs but were also carbon positive.

All of the Asian Paints factories have adopted the TRACC Manufacturing Excellence programme which builds excellence on various pillars - Teamwork, Visual Management, 5S, Focused Improvement, Asset Care, Autonomous Maintenance, Quality and Safety, with strong bottom-up engagement of the entire teams. Your Company is focused on creating a sustained capability to manufacture products with the highest quality standards along with optimal resource utilisation and through the empowerment of teams on the shopfloor. Further, a curated “Manufacturing Excellence” programme was also launched for our contract manufacturing partners. Maturity on Manufacturing 4.0 for your factories continued to scale up further. Real value creation through data analytics by integrating IOT data with other contextual data led to the creation of higher-order predictive analytics models in manufacturing. These have not only optimised manufacturing costs but also enabled optimisation of resources ranging from raw materials to energy to manpower and unlocking of capacity through enhanced throughputs.

Relentless focus on the safety of our assets, employees and partners operating at our manufacturing sites has made us reach greater heights on our journey of behaviour-based safety. Ankleshwar plant has reached the Generative Stage in Behaviour Based Safety – the highest maturity level awarded by British Safety Council. Five of our other plants are at Proactive stage and two of our newer plants are already at Calculative stage. Further, three of your Company's plants viz. Khandala, Kasna and Patancheru received the 'Sword of Honour' as recognition for reaching the pinnacle of health, safety and environment management.



Employee event at UAE

INTERNATIONAL OPERATIONS

Outside India, Asian Paints has operations in 14 countries across four regions of the world – Asia (South Asia and Indonesia), the Middle East, Africa and the South Pacific. Our products and services are sold under seven corporate brands, namely Asian Paints, SCIB Paints, Apco Coatings, Asian Paints Berger, Taubmans, Asian Paints Causeway and Kadisco Asian Paints. The Group continues to focus on increasing its presence in high-growth emerging markets, especially in Asia and Africa.

Operating environment

During FY 2022-23, the COVID-related restrictions were completely lifted across all economies that we operate in. This allowed for global travel to resume assisting in better collaboration across group entities. At the same time, businesses had to face multiple headwinds, the most significant being the continued inflationary environment which impacted not only the procurement of raw material and packing material but also all other operating costs. Interest rates increases to record highs in many of the economies that we operate in and the broad-range strength of the USD against all emerging economy currencies, especially in key markets of Egypt, Sri Lanka and Bangladesh, further impacted the business conditions.

Sri Lanka experienced its worst economic crisis with an acute shortage of essential goods, severe power cuts, high inflation, and political unrest. A series of fiscal and non-fiscal measures were undertaken by the Sri Lanka government to ensure confidence build-up and funding support from International Monetary Fund (IMF). During the year, the Egyptian Pound depreciated by close to 66% and even the Bangladesh Taka depreciated significantly in the first half and remained in a secular depreciating trend

through the remaining half. Although IMF announced bail-out packages for Sri Lanka, Bangladesh and Egypt, with strict conditions, these countries continued to face economic challenges. Ethiopia, which has been experiencing US dollar shortages for many years now, continued to reel under the same pressure and this impacted the scale of our operations significantly.

Business performance

With high inflation, US Dollar shortages and record interest rate hikes, a series of price increases were pushed through all markets to ensure margins are not significantly impacted. At the same time, working capital management and overhead cost optimisation initiatives were at the forefront of all our Units to tackle the difficult conditions.

Across markets, our strategy was to capture new network counters, enrol new contractors and improve consumer mind share. Growth in premium-luxury products played a pivotal role and enabled deeper shop-shares in existing critical and competitive retailers. We also continued our focus on product value propositions and worked on launching/revamping products across markets, ensuring better quality and comprehensive offerings to consumers. The waterproofing category continued to expand well, ramping up our presence in a short duration with a spurt of new product launches and activations and intensive contractor and retailer training, drawing lessons and synergy from your Company's well-established waterproofing portfolio in India. The Safe Painting Service, rolled out in FY 2020-21 across most of the geographies continued to do well. Décor and painting solutions offered under this umbrella have been well-appreciated, revolutionised customer experiences and have helped us create a strong differentiator vis-à-vis competition.

Management Discussion & Analysis



Spectra launch at Asian Paints Causeway, Lanka

Asia (South Asia and Indonesia): Nepal, one of our larger international units, had a strong first half but were later impacted by uncertainties around elections and lack of liquidity. Strong work in the Luxury category and working capital management led to overall good growth on key business indicators. Nepal continued to take large strides in the CP Fittings and Sanitaryware business by further growing the Asian Paints Bathsense brand and gaining share from long-established players. Your Company commissioned its manufacturing facility in Nepal for these products in June 2022 improving its ability to service the local demand.

Bangladesh too did well on the top line front, scaling up the Safe Painting Service brand by working with large and medium-sized painting contractors as well as ramping up our presence in the Projects segment. The second manufacturing plant in the country with an initial capacity of 25,000 KL/annum was commissioned and scaled up during the year. Profitability remained a challenge through the year on the back of high inflation and interest costs.

Your Company took unprecedented measures to counter the impact of runaway inflation experienced in Sri Lanka as a result of the economic and political turmoil in the island country, taking steep price increases and sharply optimising overhead expenses to protect resources. Despite these external challenges, the unit continued to work on its strategic focus areas, pushing its reach in the premium and luxury emulsions and the waterproofing and construction chemicals space and delivered a much better than expected performance on profitability.

We continued to expand our product portfolio in the Indonesian market – a market which your Company entered about seven years back through a greenfield set-up. Presence in the ‘Value for Money’ segment remained our core focus area with a series of engagement activities

undertaken along with Contractors and other influencers. Your Company continues to evaluate all opportunities to optimise its presence in the large, though fragmented paint market in Indonesia.

Africa: In Egypt, US Dollar shortages impacted operations and a series of price increases were undertaken in line with competition enabling a lesser dent in margins. The institutional segment was an area of focused effort and we were able to take our engagement with major institutional customers to a higher level across the paint, waterproofing & construction chemicals range. We were also able to grow our Safe Painting Service offering, providing a good opportunity for delivering more innovative products to customers and enhancing the brand image. On the profitability front, there were continued challenges due to intense competitive pressures and inflationary conditions.

The Ethiopia market showed signs of recovery after the signing of the peace agreement amongst the warring factions in the civil unrest. While the local US Dollar shortage played a dampener in fulfilling overall market demand across segments, the business delivered respectable performance maintaining focus on the key strategic priorities set for the year.

Middle East: The Middle East region was untouched by the currency issues inflicting other markets and supported the overall international portfolio positively. While the inflation was high, the units in the Middle East were able to take adequate price increases protecting margins. Cash flow issues though, have been a cause of concern across various customer categories in the market which required focused efforts to handle the ensuing pressure. Business in waterproofing & construction chemicals continued to see good expansion, with a large number of products being launched in both retail as well as institutional segments. Further, investments have been made in engaging with contractors and consultants to create a long-term partnership. The Protective Coating and Project business segment also performed well in the UAE. The Oman unit grew steadily throughout the year with gains in the Premium-Luxury category. And while retail business was a bit slow in Bahrain, significant gains were made in the Projects segment in the country supporting performance.

South Pacific: Operations in South Pacific continued to be impacted by natural calamities. However, our unit continued to grow amidst the challenges and aided by recovery in the tourism sector. Continuous price increases were undertaken to take care of unprecedented inflation.

INDUSTRIAL BUSINESS IN INDIA

Asian Paints operates in the Industrial Coatings segment through two 50:50 JVs with PPG Industries Inc. USA – PPG Asian Paints Pvt. Ltd. (PPG-AP) and Asian Paints PPG Pvt. Ltd. (AP-PPG). Of the total industrial paint demand, about two-thirds come from the automotive sector.

Automotive, industrial, refinish, packaging and marine coatings

PPG-AP, the 50:50 JV of the Company with PPG Industries Inc., USA, is one of the largest industrial coatings suppliers in India, manufacturing and trading in paints, coatings and adhesives and sealants for automotive Original Equipment Manufacturers (OEMs), industrial segments, automotive refinish segment, packaging and marine segments.

Operating environment

With the easing out of Semiconductor shortages, Automotive OEMs ramped up production and registered an increase in builds of over 25%. Even the two-wheeler industry registered a 10% growth in annual builds. The Electric vehicle space saw a lot of investment activity from the OEMs well-supported by the Production Linked Incentive (PLI) scheme for the Automobile and Auto Component Industry which came into effect at the beginning of the financial year.



Linde New Gasification Plant Project at Kattuppalli Chennai by Asian Paints PPG (Contractor - L&T Energy Hydrocarbon)

Business performance

PPG-AP registered double-digit growth in terms of revenue across segments along with good improvement in profitability. The first half of the year witnessed steep raw material inflation while the second half saw some of this pressure abetting. Currency depreciation further added pressure on the bottom line. Price increases across businesses supported the topline growth as well as improvement in margins. Innovation in formulation, sourcing efficiency and other cost optimisation efforts helped further in improving profitability. PPG-AP continued to focus on its R&D capabilities to innovate, leverage technological support from both its parents, PPG Industries Inc. USA and Asian Paints, and provide a differentiated value proposition to its customers.

Non-auto industrial coatings

AP-PPG, the second 50:50 JV of the Company with PPG Industries Inc. USA, serves the non-auto industrial coatings market of India operating in protective coatings, powder coatings, floor coatings and road markings segments, catering to customers in the infrastructure, oil, gas and chemical, power, construction and white goods sectors, among others.

Management Discussion & Analysis

Operating environment

The government’s thrust on capital expenditure particularly in infrastructure and renewable energy sectors led to strong growth in demand for Industrial Coatings. Production Linked Incentive (PLI) schemes and China plus one strategy opted by global manufacturers supported capital investments. Manufacturing activity, though, remained subdued throughout the year with inflationary pressures and resultant weak consumer sentiment, especially in the second half of the year.

Business performance

AP-PPG registered robust growth in revenue across market segments. The Company’s expanded product portfolio, distribution reach and influencer engagement with support from the parents, propelled the growth trajectory. Introduction of high-end products, the proliferation of its unique asset protection management service offering - Metacare® - and entry into new segments like rebar coatings, and pipe coatings helped the Company to expand its customer base in the industrial liquid product category. In the Powder coatings, category the company undertook multiple initiatives to expand its offerings and offer competitively priced value propositions to make strong inroads at customer counters. The Company’s strategy of offering better value to its customers by providing superior products and service through upgraded service standards and improved delivery capabilities helped the Company improve its position in the industry, gaining share across all business segments.

Steep inflation in raw material prices was seen in the first half of the year. Quick actions taken in the area of price increases, product mix enhancement and cost savings measures helped the Company to protect its margins. Overall, AP-PPG registered good growth in terms of revenue along with a significant rise in profits.



Installation 'Bungalow' by artist 'Steve Messam' for Asian Paints Art House (Mumbai Urban Art Festival)

Internal control systems and their adequacy

The Company has designed and implemented robust internal control systems in line with the nature, size, geographical spread and complexities of business operations. Internal control policies and procedures are designed to provide reasonable assurance towards the effectiveness and efficiency of its operations, reliability of financial reporting, compliance with applicable laws and regulations, prevention and detection of frauds & errors and Safeguarding of its assets.

The Company has a strong governance structure with related authorities and responsibilities assigned to the Committees of the Board, function heads and various process owners. The established policy framework is reviewed periodically to keep them contemporary and relevant to the changing business environment.

Detailed procedures, SOPs, work instructions and controls are well documented, digitised and embedded in business processes to ensure the mitigation of risks in operations, reporting and compliance. Such internal controls are regularly tested for adequacy of design and operating effectiveness. Compliance with policies and procedures is an integral part of the management review process. The Company’s ERP, system infrastructure and checks are integral parts of the internal control system. The Company has been leveraging data analytics, predictive and visualisation tools to identify data exceptions and trends for minimising errors and avenues to improve the processes. Active efforts are invested to move from manual

detective control to automated preventive controls. The Company has a strong compliance management system to monitor the compliance status online and to update compliance requirements with the latest changes in statutes and business operations. The Company has laid out a process for business plan approval and periodic a review including review of business performance, capital and revenue expenditure and new business investments. The Company’s shared service centre plays an active role in driving uniform policies and compliance by actively leveraging new technologies with efficiency and delight.

The Company's key functions and processes are certified with ISO 9001, ISO 14001, ISO 45001 and ISO 27001 focused towards control systems towards quality, environment, occupational health & safety and information security respectively. Regular communication and awareness towards the Code of Conduct, whistle blower process and various policies and procedures are done to ensure common understanding on these leveraging e-modules and online training sessions.

The Company has strong Internal Audit governance to assure the adequacy and effectiveness of internal controls. The Internal Audit Charter covering the role, responsibilities and authority of internal auditor was

updated during the year and is available on the Company’s website. The risk-based internal audit plan covering key business processes and establishments is approved by the Audit Committee. This Committee periodically reviews the adequacy and effectiveness of the Company’s internal financial controls and the implementation of audit recommendations.

ENTERPRISE RISK MANAGEMENT

Our business and operations are subject to risks and uncertainties that can have both short-term and long-term implications. The constantly evolving business environment, evolving customer preferences, and updated compliance landscape have led to significant changes in the risks faced by the Company across businesses. To address this, we have implemented an advanced enterprise risk management process to scan and monitor risk for its impacts and drive mitigation.

→ For more details on Enterprise Risk Management, please refer to the Risk Management section on page no. 52

KEY RATIOS

Ratios	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Debtors turnover ratio	9.4	10.6	8.1	9.0
Inventory turnover ratio (on cost of goods sold)	3.5	3.7	3.4	3.7
Interest coverage ratio	158	202.2	72.0	45.8
Current ratio	2.4	2.3	2.1	2.0
Debt equity ratio*	0.006	0.001	0.062	0.056
Operating margin ratio(%)	21.1%	20.0%	19.3%	17.8%
Net profit margin(%)	13.6%	12.4%	12.2%	10.6%
Return on Net Worth (%) (RONW)**	28.3%	24.6%	27.4%	23.2%

For Standalone

* Increase in borrowing (interest free loan from state governments) during the year has resulted into higher debt equity ratio.

**RONW has decreased in FY 2022-23 by 15% mainly on account of increase in retained earnings.

For Consolidated

^RONW has decreased in FY 2022-23 by 21% mainly on account of increase in retained earnings.



Awards & recognition



Asian Paints wins FICCI **'Product Innovator of The Year'** Award for Developing & Marketing 'SmartCare Hydroloc'



Asian Paints recognised for **Brand Excellence - 'Femina Power Brands'**



Asian Paints recognised for **Excellence in Procurement** in the chemicals sector by the Institute of Supply Chain Management (ISCM)

- Mr. Ashwin Dani conferred upon with Hurun Lifetime Achievement Award 2022
- Asian Paints ranked 13th in Business World - India's Most Respected Companies - Apr 2023
- Asian Paints ranked 14th in Business Today – Most Valuable Companies List in 2022 and 2021
- Asian Paints Rated as the 5th Most Valuable Brand in India – Sept 2022 (Compiled by brand equity research expert Kantar)
- Asian Paints ranked 7th amongst Top Paint & Coatings companies in the world (Coatings World – July 2022 report)
- Asian Paints Visakhapatnam wins Global Safety award (Platinum Category) for outstanding achievement in Practicing Excellent workplace culture in Health & Safety – Evolving safe work practices in operations. The award was presented by the Energy and Environment Foundation
- Asian Paints Visakhapatnam Plant wins GOLD at the State Energy Conservation Award 2022

- Khandala plant Wins Gold Award at the 4th ICC National Occupational Health & Safety Award 2022
- Rohtak plant wins 3 National Awards during 2nd edition of CII - National Electrical Safety Power Quality and Reliability Circle Competition- Dec'22
 - WINNER – Best Organisation for Electrical Safety, Power, Quality & Reliability Management
 - WINNER – Best case study on use of IoT for achieving electrical safety and reliability
 - 1ST RUNNERS UP – Best Case study on addressing electrical safety through compliance and system approach
- Kasna plant wins Golden Peacock Occupational Health and Safety Award 2022
- Visakhapatnam plant bags awards in CII National competition on Automation, Robotics and Automation
- Kasna Team bags Quality Innovation Award 2022 from Greentech Foundation

- Rohtak plant wins Haryana Govt's Welfare Award for Best Working Conditions
- Rohtak plant wins National Safety Award at Global Safety Summit; organised by Fire and Safety Forum and United Nation Global Compact Network India
- Asian Paints wins 'Golden Peacock' Award for 'Excellence in Corporate Governance' for 2021
- Rohtak plant wins awards at CII National Energy Efficiency Circle Competition
 - WINNER – Best Managed Electrical System for Energy Efficiency
 - 1st RUNNERS UP – Best Application & Uses of Renewable Energy
- Kasna plant bags Greentech Innovation Award for 'Process Innovation'
- Khandala plant wins Platinum Award for BBS Journey by CII
- Khandala plant wins awards in 16th Quality Circle Competition by CII
- Kasna plant wins Platinum Award by CII under Employee Morale Category



Ten year review (Standalone)

Results for the financial year	2022-23**	2021-22**	2020-21** (Restated)	2019-20** (Restated)	2018-19** (Restated)	2017-18**	2016-17**	2015-16**	2014-15^	2013-14^
INCOME STATEMENT										
Revenue from sale of products and services (Net Sales)	29,953.1	25,002.1	18,280.1	17,025.6	16,209.4	13,923.3	12,524.5	11,643.1	11,485.7	10,300.2
Other operating revenue	125.3	186.4	236.8	168.5	182.3	230.4	198.3	187.2	163.2	118.6
Revenue from Operations	30,078.4	25,188.5	18,516.9	17,194.1	16,391.8	14,153.7	12,722.8	11,830.3	11,648.8	10,418.8
Growth Rate (%)	19.4%	36.0%	7.7%	4.9%	15.8%	11.2%	7.5%	1.6%	11.8%	16.3%
Material Cost	18,327.5	15,609.0	10,082.5	9,506.2	9,410.6	7,982.7	6,944.1	6,584.9	6,439.8	5,940.0
% to Net Sales	61.2%	62.4%	55.2%	55.8%	58.1%	57.3%	55.4%	56.6%	56.1%	57.7%
Gross Margin (Net Sales - Material Cost)	11,625.6	9,393.1	8,197.5	7,519.4	6,798.8	5,940.6	5,580.4	5,058.2	5,045.8	4,360.3
Gross Margin % to Net Sales	38.8%	37.6%	44.8%	44.2%	41.9%	42.7%	44.6%	43.4%	43.9%	42.3%
Gross Contribution	11,750.9	9,579.6	8,434.3	7,687.9	6,981.2	6,171.0	5,778.7	5,245.5	5,209.0	4,478.8
(Revenue from Operations -Material Cost)										
Gross Contribution % to Revenue from Operations	39.1%	38.0%	45.5%	44.7%	42.6%	43.6%	45.4%	44.3%	44.7%	43.0%
Overheads	5,930.4	4,991.8	3,941.6	3,831.4	3,476.4	3,250.5	3,107.9	2,768.5	3,198.5	2,701.6
Operating Profit (EBITDA)	6,338.5	5,039.7	4,858.8	4,214.1	3,789.6	3,198.0	2,971.0	2,726.4	2,197.3	1,950.9
Finance Costs	93.1	70.3	71.7	78.4	78.6	21.1	18.9	23.4	27.1	26.1
Depreciation and Amortisation Expense	755.8	721.6	697.5	690.0	540.8	311.1	295.4	234.5	223.1	212.3
Profit Before Tax and Exceptional items	5,489.6	4,247.9	4,089.7	3,445.7	3,170.3	2,865.8	2,656.7	2,468.5	1,947.1	1,712.5
% to Net Revenue from Operations	18.3%	16.9%	22.1%	20.0%	19.3%	20.2%	20.9%	20.9%	16.7%	16.4%
Growth Rate (%)	29.2%	3.9%	18.7%	8.7%	10.6%	7.9%	7.6%	26.8%	13.7%	13.0%
Exceptional items	-	(53.7)	-	(33.2)	-	-	-	(65.4)	(13.5)	(9.9)
Profit Before Tax and after Exceptional items	5,489.6	4,194.1	4,089.7	3,412.5	3,170.3	2,865.8	2,656.7	2,403.1	1,933.6	1,702.6
% to Net Revenue from Operations	18.3%	16.7%	22.1%	19.8%	19.3%	20.2%	20.9%	20.3%	16.6%	16.3%
Profit After Tax	4,100.2	3,134.7	3,051.8	2,653.5	2,132.2	1,894.8	1,801.7	1,622.8	1,327.4	1,169.1
Return on average capital employed (ROCE) (%)	38.0%	33.5%	38.1%	37.8%	38.4%	38.7%	40.9%	45.0%	49.9%	51.7%
Return on average net worth (RONW) (%)	28.3%	24.6%	28.3%	29.0%	25.6%	25.4%	27.7%	32.0%	33.9%	35.3%
BALANCE SHEET										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Other Equity	15,489.6	13,253.2	11,993.3	9,356.2	8,747.0	7,702.2	6,998.8	5,829.8	4,134.3	3,505.0
Deferred Tax Liability (Net)	177.8	205.3	265.2	282.7	392.4	270.3	261.2	217.2	167.8	177.1
Borrowings	93.8	19.6	27.4	31.3	13.5	14.9	17.1	38.0	39.6	47.7
Tangible Fixed Assets and Intangible Assets	5,620.7	4,779.4	4,882.0	5,237.5	5,400.5	3,960.4	2,824.4	2,721.8	2,105.0	2,050.2
Investments	4,911.7	3,810.6	5,179.3	2,496.5	2,964.0	2,577.3	2,913.6	2,796.6	1,893.8	1,671.2
Debt-Equity Ratio	0.006:1	0.001:1	0.002:1	0.003:1	0.002:1	0.002:1	0.002:1	0.01:1	0.01:1	0.01:1
Market Capitalisation	264,897	295,428	243,387	159,850	143,180	107,469	102,970	83,297	77,820	52,559
PER SHARE DATA										
Basic Earnings Per Share (EPS)(₹)**	42.8	32.7	31.8	27.7	22.2	19.8	18.8	16.9	13.8	12.2
Diluted Earnings Per Share (EPS) (₹) *	42.8	32.7	31.8	27.7	22.2	19.8	18.8	16.9	13.8	12.2
Dividend (%)	2565%	1915%	1785%	1200%	1050%	870%	1030%	750%	610%	530%
Dividend Payout Ratio (%)***	60.0%	58.6%	56.1%	51.1%	56.7%	53.0%	53.1%	53.4%	52.6%	50.9%
Book Value (₹)	162.5	139.2	126.0	98.5	92.2	81.3	74.0	61.8	44.1	37.5
OTHER INFORMATION										
Number of Employees	8,056	7,423	7,134	6,751	6,456	6,238	6,156	6,067	5,897	5,555
Number of Shareholders	11,29,040	9,87,176	5,22,165	3,15,626	2,20,538	1,91,561	2,02,988	1,65,986	1,47,143	87,997

* EPS is calculated on Net Profit after Exceptional Items.
* With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all comparative periods have been restated.
^ Figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956 / Schedule III of Companies Act, 2013.
** Figures for these years are as per new accounting standards (IND AS) and hence not comparable to previous years. Revenue from operations in period prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years.
*** Includes Dividend Distribution Tax, as applicable.
The figures for FY 2018-19 have been restated on account of retrospective application of Ind AS 116 - Leases. The cumulative impact of this retrospective application in prior years has been adjusted in opening retained earnings as at 1st April, 2018 (reducing the same by ₹ 42.0 Crores)
The figures for FY 2019-20 and FY 2020-21 have been restated on account of amalgamation of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited with the Company with the appointed date of 1st April, 2019.

Ten year review (Consolidated)

Results for the financial year	2022-23**	2021-22**	2020-21**	2019-20**	2018-19**~	2017-18**	2016-17**	2015-16**	2014-15^	2013-14^
INCOME STATEMENT										
Revenue from sale of products and services (Net Sales)	34,367.8	28,923.5	21,485.2	20,048.3	19,070.7	16,619.8	14,978.7	14,083.2	14,005.3	12,581.6
Other operating revenue	120.8	177.8	227.6	162.9	177.8	224.0	189.5	179.9	177.5	133.2
Revenue from Operations	34,488.6	29,101.3	21,712.8	20,211.3	19,248.5	16,843.8	15,168.2	14,263.2	14,182.8	12,714.8
Growth Rate (%)	18.5%	34.0%	7.4%	5.0%	14.3%	11.0%	6.3%	0.6%	11.5%	16.2%
Material Cost	21,156.5	18,300.8	12,097.2	11,383.5	11,272.9	9,710.4	8,435.1	8,041.3	7,971.5	7,340.7
% to Net Sales	61.6%	63.3%	56.3%	56.8%	59.1%	58.4%	56.3%	57.1%	56.9%	58.3%
Gross Margin (Net Sales - Material Cost)	13,211.3	10,622.7	9,388.0	8,664.9	7,797.8	6,909.4	6,543.6	6,041.9	6,033.9	5,240.9
Gross Margin % to Net Sales	38.4%	36.7%	43.7%	43.2%	40.9%	41.6%	43.7%	42.9%	43.1%	41.7%
Gross Contribution (Revenue from Operations - Material Cost)	13,332.1	10,800.5	9,615.6	8,827.8	7,975.6	7,133.4	6,733.1	6,221.8	6,211.3	5,374.1
Gross Contribution % to Revenue from Operations	38.7%	37.1%	44.3%	43.7%	41.4%	42.4%	44.4%	43.6%	43.8%	42.3%
Overheads	7,072.3	5,996.9	4,760.0	4,666.0	4,210.0	3,935.8	3,746.7	3,452.7	3,975.9	3,376.2
Operating Profit (EBITDA)	6,646.3	5,183.6	5,158.7	4,466.1	3,998.6	3,418.2	3,248.9	2,982.5	2,405.1	2,132.1
Finance Costs	144.5	95.4	91.6	102.3	105.3	35.1	30.0	40.7	34.8	42.2
Depreciation and Amortisation Expense	858.0	816.4	791.3	780.5	622.1	360.5	334.8	275.6	265.9	245.7
Profit Before Tax and Exceptional items (including share of profit of associate)	5,737.7	4,303.4	4,304.4	3,634.0	3,311.9	3,068.5	2,933.7	2,699.7	2,104.4	1,844.2
% to Revenue from Operations	16.6%	14.8%	19.8%	18.0%	17.2%	18.2%	19.3%	18.9%	14.8%	14.5%
Growth Rate (%)	33.3%	0.0%	18.4%	9.7%	7.9%	4.6%	8.7%	28.3%	14.1%	11.4%
Exceptional items	(48.9)	(115.7)	-	-	-	-	-	(52.5)	(27.6)	(9.9)
Profit Before Tax and after Exceptional items	5,688.8	4,187.7	4,304.4	3,634.0	3,311.9	3,068.5	2,933.7	2,647.3	2,076.9	1,834.3
% to Revenue from Operations	16.5%	14.4%	19.8%	18.0%	17.2%	18.2%	19.3%	18.6%	14.6%	14.4%
Profit for the year (after Tax and Minority interest)	4,106.5	3,030.6	3,139.3	2,705.2	2,155.9	2,038.9	1,939.4	1,745.2	1,395.2	1,218.8
Return on average capital employed (ROCE) (%)	35.6%	29.6%	35.4%	34.4%	34.1%	34.8%	37.6%	40.5%	45.3%	47.6%
Return on average net worth (RONW) (%)	27.4%	22.8%	27.4%	27.6%	24.1%	25.5%	27.5%	28.9%	31.8%	32.8%
BALANCE SHEET										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Other Equity	15,896.3	13,715.6	12,710.4	10,034.2	9,374.6	8,314.3	7,508.0	6,428.9	4,646.4	3,943.3
Deferred Tax Liability (Net)	334.8	348.8	415.6	443.8	543.3	417.1	359.2	296.8	179.9	187.8
Borrowings	1,016.7	779.1	353.8	361.6	629.2	533.4	560.3	323.3	418.2	249.2
Tangible Fixed Assets and Intangible Assets	6,790.1	5,945.5	6,041.5	6,412.6	6,706.2	4,857.4	3,415.1	3,371.2	2,610.2	2,491.8
Investments	4,261.7	3,247.5	4,736.8	2,018.9	2,568.6	2,140.7	2,652.0	2,712.1	1,587.8	1,423.6
Debt-Equity Ratio	0.06 : 1	0.06 : 1	0.03 : 1	0.04 : 1	0.07 : 1	0.06 : 1	0.07 : 1	0.05 : 1	0.09 : 1	0.06 : 1
PER SHARE DATA										
Basic Earnings Per Share (EPS) (₹) **	42.8	31.6	32.7	28.2	22.5	21.3	20.2	18.2	14.5	12.7
Diluted Earnings Per Share (EPS) (₹) **	42.8	31.6	32.7	28.2	22.5	21.3	20.2	18.2	14.5	12.7
Book Value (₹)	166.7	144.0	133.5	105.6	98.7	87.7	79.3	68.0	49.4	42.1

* EPS calculated on Net Profit (including share of profit of associate) after exceptional items
With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all comparative periods have been restated.
^ Figures are regrouped as per the requirement of revised schedule VI under Companies Act, 1956 / Schedule III of Companies Act, 2013.
** Figures for these years are as per new accounting standards (IND AS) and hence not comparable to previous years. Revenue from operations in periods prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years.
~ The figures for FY 2018-19 have been restated on account of retrospective application of Ind AS 116 - Leases. The cumulative impact of this retrospective application in prior years has been adjusted in opening retained earnings as at 1st April, 2018 (reducing the same by ₹46.9 Crores)



Notice

Asian Paints Limited

CIN: L24220MH1945PLC004598

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

Email: investor.relations@asianpaints.com; Website: www.asianpaints.com

Phone No.: (022) 6218 1000

NOTICE is hereby given that the **SEVENTY-SEVENTH ANNUAL GENERAL MEETING** of Asian Paints Limited will be held on **Tuesday, 27th June, 2023 at 11.00 a.m. IST** through video conference or other audio visual means, to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai – 400 055.

ORDINARY BUSINESS:

- To receive, consider and adopt the:
 - audited financial statements of the Company for the financial year ended 31st March, 2023 together with the reports of Board of Directors and Auditors thereon.
 - audited consolidated financial statements for the financial year ended 31st March, 2023 together with the report of Auditors thereon.
- To declare final dividend on equity shares for the financial year ended 31st March, 2023.
- To appoint a Director in place of Mr. Ashwin Dani (DIN: 00009126), who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Ms. Amrita Vakil (DIN: 00170725), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

- To consider and, if thought fit, approve the continuation of directorship by Mr. Ashwin Dani (DIN: 00009126) as a Non-Executive Director of the Company and pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and other applicable laws, if any, approval of the members of the Company be and is hereby accorded for continuation of directorship by Mr. Ashwin Dani (DIN: 00009126) as a Non-Executive Director of the Company beyond 75 (seventy-five) years of age, liable to retire by rotation.

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

- To consider and, if thought fit, ratify the remuneration payable to RA & Co., Cost Accountants (Firm Registration No. 000242), Cost Auditors of the Company, for the financial year ending 31st March, 2024 and pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable to RA & Co., Cost Accountants (Firm Registration No. 000242), who were appointed by the Board of Directors as Cost Auditors, to audit the cost records of the Company for the financial year ending 31st March, 2024, amounting to ₹ 9,00,000 (Rupees nine lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit, be and is hereby ratified.

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

By Order of the Board of Directors
of **Asian Paints Limited**

R J Jeyamurugan
CFO & Company Secretary

11th May, 2023

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

Notes:

- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), in respect of business to be transacted at the 77th Annual General Meeting (“AGM”), as set out under Item Nos. 5 & 6 above and the relevant details of the Directors as mentioned under Item Nos. 3, 4 & 5 above as required by Regulation 36(3) of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015

(“the Listing Regulations”) and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed hereto.

- In accordance with the provisions of the Act, read with the Rules made thereunder and General Circular No. 10/2022 dated 28th December, 2022, other Circulars issued by the Ministry of Corporate Affairs (“MCA”) from time to time, and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 issued by SEBI (“the Circulars”), companies are allowed to hold AGM through video conference/other audio visual means (“VC/OAVM”) upto 30th September, 2023, without the physical presence of members. The AGM of the Company is being held through VC/OAVM, and video recording and transcript of the same shall be made available on the website of the Company. National Securities Depository Limited (“NSDL”) will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM and e-voting during the AGM.
- As the AGM will be conducted through VC/OAVM, the facility for appointment of proxy by the members is not available for this AGM and hence, the proxy form is not annexed to this Notice. Further, attendance slip including route map is not annexed to this Notice.
- Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The Company, in compliance with the Listing Regulations will be webcasting the proceedings of the AGM on NSDL’s website. Members can view the proceedings by logging on the e-voting website of NSDL at www.evoting.nsdl.com using their secure login credentials. The link will be available in shareholder login where EVEN of the Company will be displayed.

- Authorised representatives of the corporate members intending to participate in the AGM pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy (in PDF/JPG format) of the relevant Board Resolution/Authority Letter, etc. authorising them to attend the AGM, by email to investor.relations@asianpaints.com.

Institutional shareholders/corporate members (i.e. other than individuals, HUF, NRI, etc.) are requested to upload their Board Resolution/Power of Attorney/Authority Letter by clicking on 'Upload Board Resolution/Authority Letter' displayed under 'e-voting' tab in their login screen to the website of NSDL at www.evoting.nsdl.com or send a scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority Letter, etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer at asianpaints.scrutinizer@asianpaints.com with a copy marked to evoting@nsdl.co.in.

Process for dispatch of Integrated Annual Report and registration of email id for obtaining a copy of the same

7. In compliance with the Circulars, Notice of the AGM along with the Integrated Annual Report for the financial year 2022-23 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participants ("DPs").

In case any Member is desirous of obtaining physical copy of the Integrated Annual Report for the financial year 2022-23 and Notice of the 77th AGM of the Company, he/she may send a request to the Company by writing at investor.relations@asianpaints.com or TSR Consultants Private Limited ("TSR"), Company's Registrar and Share Transfer Agent ("RTA") at csg-annualreports@tcplindia.co.in mentioning their DP ID and Client ID/folio no.

Members may note that the Notice and the Integrated Annual Report for the financial year 2022-23 will also be available on the Company's website at www.asianpaints.com, websites of the Stock Exchanges on which the equity shares of the Company are listed i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com, and on the website of NSDL at www.evoting.nsdl.com.

8. Process for registration of email addresses for obtaining Notice of the AGM along with the Integrated Annual Report for the financial year 2022-23:
If your email address is not registered with the DPs (For shares held in demat form)/Company (For shares held in physical form), you may register the same on or before 5.00 p.m. IST on Monday, 19th June, 2023 to receive the Notice of the AGM along with the Integrated Annual Report for the financial year 2022-23 by completing the process as under:
 - a. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html.

- b. Select the name of the Company 'Asian Paints Limited' from dropdown.
- c. Enter details in respective fields such as DP ID and Client ID (For shares held in demat form)/folio no. and certificate no. (for shares held in physical form), Shareholder name, PAN, mobile no., and email id.
- d. Click on continue button.
- e. System will send One Time Password ("OTP") on the mobile no. and email id.
- f. Click on verify OTP.
- g. Enter OTP received on mobile no. and email id and click on submit.

After successful submission of the email address, NSDL will email a copy of this AGM Notice along with the Integrated Annual Report for the financial year 2022-23. In case of any queries, members may write to csg-unit@tcplindia.co.in or evoting@nsdl.co.in.

9. Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company at investor.relations@asianpaints.com.

Procedure for joining the 77th AGM through VC/OAVM

10. Members may note that the VC/OAVM facility, allows participation of at least 1,000 (One thousand) members on a first-come-first-served basis and shall open 30 minutes before the time scheduled for the AGM.
11. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same by following the steps mentioned at note no. 17(d). After successful login, members can click on the link "VC/OAVM link" placed under "Join Meeting" tab against Company name. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN (124023) of the Company will be displayed.
12. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.
13. Members who need assistance before and during the AGM, can contact Mr. Amit Vishal, Assistant Vice President, NSDL, or Ms. Pallavi Mhatre, Senior Manager, NSDL, at evoting@nsdl.co.in or call on toll free nos.: (022) 4886 7000 or (022) 2499 7000.

Procedure to raise questions/seek clarifications with respect to Integrated Annual Report at the ensuing 77th AGM of the Company

14. Members are encouraged to express their views/ send their queries in advance mentioning their name, DP ID and Client ID/folio no., email id, mobile no. at investor.relations@asianpaints.com. Questions/queries received by the Company till 5.00 p.m. IST on Sunday, 25th June, 2023, shall only be considered and responded during the AGM.
15. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker, by following the steps mentioned at note no. 17(d) "Step 1: Access to NSDL e-voting system" between **9.00 a.m. IST on Friday, 23rd June, 2023 to 5.00 p.m. IST on Sunday, 25th June, 2023**. After successful login, members will be able to register themselves as a speaker Shareholder by clicking on the link available against the EVEN (124023) of the Company.
16. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.
17. **Procedure for remote e-voting and e-voting during the AGM**
 - a. All the shareholders of the Company are encouraged to attend and vote in the AGM to be held through VC/OAVM.
 - b. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into

Details of Step 1 are mentioned below:

I. Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on 'e-voting facility provided by Listed Companies', e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the E-voting Service Provider ("ESP") thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile no. and email id in their demat accounts in order to access e-voting facility.





an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.

- c. The remote e-voting period will commence on **Friday, 23rd June, 2023 at 9.00 a.m. IST** and will end on **Monday, 26th June, 2023 at 5.00 p.m. IST**. During this period, members holding shares either in physical form or in dematerialised form, as on **Tuesday, 20th June, 2023** i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.

Members have the option to cast their vote on any of the resolutions using the remote e-voting facility either during the period commencing from Friday, 23rd June, 2023 to Monday, 26th June, 2023 or e-voting during the AGM.

Members who have cast their votes by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but they shall not be entitled to cast their votes again. Further, members who have voted on some of the resolutions during the remote e-voting period are also eligible to vote on the remaining resolutions during the AGM.

- d. The details of the process and manner for remote e-voting are explained herein below:
Step 1: Access to NSDL e-voting system
Step 2: Cast your vote electronically and join virtual meeting on NSDL e-voting system.

Type of shareholders	Login Method
Individual shareholders holding securities in demat mode with NSDL	<div>A. NSDL IDeAS facility If you are already registered, follow the below steps:<ol style="list-style-type: none">Visit the e-services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile phone.Once the home page of e-services is launched, click on the ‘Beneficial Owner’ icon under ‘Login’ which is available under ‘IDeAS’ section.A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services.Click on ‘Access to e-voting’ appearing on the left hand side under e-voting services and you will be able to see e-voting page.Click on options available against Company name or ESP – NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period. If you are not registered, follow the below steps:<ol style="list-style-type: none">Option to register is available at https://eservices.nsdl.com.Select ‘Register Online for IDeAS’ Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.Please follow steps given in points 1-5 above.</div> <div><div>B. E-voting website of NSDL<ol style="list-style-type: none">Open web browser by typing the following URL: www.evoting.nsdl.com either on a personal computer or on a mobile phone.Once the home page of e-voting system is launched, click on the icon ‘Login’ which is available under ‘Shareholder/Member’ section.A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on options available against Company name or ESP – NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.</div><div>C. Shareholder/Member can also download NSDL Mobile App ‘NSDL Speede’ facility by scanning the QR code mentioned below for seamless voting experience.</div><div><div>NSDL Speede App is available on</div><div><div> App Store</div><div> Google Play</div></div><div></div></div></div>
Individual shareholders holding securities in demat mode with Central Depository Services (India) Limited (CDSL)	<ol style="list-style-type: none">Existing users who have opted for Easi/Easiest, can login through their User ID and Password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.After successful login of Easi/Easiest the user will also be able to see the e-voting Menu. The Menu will have links of ESP i.e. NSDL portal. Click on NSDL to cast your vote.If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile no. and email id as recorded in the demat account.After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.
Individual shareholders (holding securities in demat mode) logging through their DPs	<ol style="list-style-type: none">You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility.Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature.Click on options available against Company name or ESP – NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free nos.: (022) 4886 7000 or (022) 2499 7000.
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33.

II. Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

How to login to NSDL e-voting website?

- Visit the e-voting website of NSDL. Open web browser by typing the following URL: www.evoting.nsdl.com either on a personal computer or on a mobile phone.
- Once the home page of e-voting system is launched, click on the icon **‘Login’** which is available under **‘Shareholder/Member’** section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
- Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can login at <https://eservices.nsdl.com> with your existing IDeAS login. Once you login to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a. For members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****
b. For members who hold shares in demat account with CDSL	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your User ID is 12*****
c. For members who hold shares in physical form	EVEN followed by folio no. registered with the Company. For example, if EVEN is 124023 and folio no. is 001*** then User ID is 124023001***

- Your password details are given below:
 - If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you by NSDL. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - How to retrieve your ‘initial password’?
 - If your email id is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email id. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.co.in. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8-digit Client ID for NSDL account, last 8 digits of Beneficiary ID for CDSL account or folio no. for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - In case you have not registered your email address with the Company/Depositories, please follow instructions mentioned below in this Notice.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a. Click on 'Forgot User Details/Password' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. 'Physical User Reset Password' (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio no., PAN, name, and registered address.
 - d. Members can also use the OTP based login for casting the votes on the e-voting system of NSDL.
8. After entering your password, click on agree to 'Terms and Conditions' by selecting on the check box.
9. Now, you will have to click on 'Login' button.
10. After you click on the 'Login' button, home page of e-voting will open.

Details of Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select 'EVEN (124023)' of the Company for which you wish to cast your vote during the remote e-voting period and during the Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under "Join Meeting".
3. Now you are ready for e-voting as the voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

5. Upon confirmation, the message 'Vote cast successfully' will be displayed and you will receive a confirmation by way of a SMS on your registered mobile no. from Depository.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the Depositories/ Company for procuring User ID and Password for e-voting for the resolutions set out in this Notice

Shareholders/members may send a request to evoting@nsdl.co.in for procuring User ID and Password for e-voting by providing below mentioned documents:

1. Members whose shares are held in physical mode, are requested to provide folio no., name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card).
2. Members whose shares are held in demat mode, are requested to provide DP ID Client ID (16 digit DP ID + Client ID or 16 digit Beneficiary ID), name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card). If you are an individual Shareholder holding securities in demat mode, you are requested to refer to the login method explained at note no. 17(d)(i) 'Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode'.

General guidelines for shareholders

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

In such an event, you will need to go through the 'Forgot User Details/Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com to reset the password.

2. In case of any queries for e-voting, you may refer the Frequently Asked Questions ("FAQs") for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on toll free nos.: (022) 4886 7000 or (022) 2499 7000 or send a request to Mr. Amit Vishal, Assistant Vice President, NSDL, or Ms. Pallavi Mhatre, Senior Manager, NSDL, at evoting@nsdl.co.in.
- e. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after the Notice is send through email and holds shares as of the cut-off date i.e. Tuesday, 20th June, 2023 may obtain the User ID and Password by sending a request at evoting@nsdl.co.in or to the Company at investor.relations@asianpaints.com. However, if you are already registered with NSDL for remote e-voting, then you can use your existing User ID and Password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free nos.: (022) 4886 7000 or (022) 2499 7000. In case of individual shareholders holding shares in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and who holds shares as of the cut-off date i.e. Tuesday, 20th June, 2023 may follow steps mentioned in this Notice under note no. 17(d) "Step 1: Access to NSDL e-voting system".
- f. Mr. Makarand M. Joshi (Membership No.: 5533, COP: 3662), failing him, Ms. Kumudini Bhalariao (Membership No.: 6667, COP: 6690), Partners, Makarand M. Joshi & Co., Practicing Company Secretaries, have been appointed as the Scrutinizer for conducting voting process in a fair and transparent manner.

- g. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- h. The voting results shall be declared within two working days from conclusion of the AGM and the Resolutions shall be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared results along with the report of the Scrutinizer shall be placed on the website of the Company (www.asianpaints.com) and on the website of NSDL (www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or a person authorised by him. The results along with the report of the Scrutinizer shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

18. Documents open for inspection

- a. Relevant documents referred to in the accompanying Notice and the Explanatory Statement pursuant to Section 102 of the Act shall be available for inspection through electronic mode. Members are requested to write to the Company at investor.relations@asianpaints.com for inspection of the said documents.
- b. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act and the Certificate from the Secretarial Auditors in respect of the Asian Paints Employee Stock Option Plan 2021 prescribed under Regulation 13 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available for inspection by the members during the AGM by following the steps mentioned at note no. 17(d) "Step 1: Access to NSDL e-voting system". After successful login members will be able to view the documents for inspection by clicking on the link available against the EVEN (124023) of the Company.

19. Dividend related information

- a. The Board of Directors of the Company at their meeting held on 11th May, 2023 have, *inter alia*, approved and recommended payment of final dividend of ₹ 21.25 (Rupees twenty-one and paise twenty-five only) per equity share of the face value of ₹ 1 (Rupee one) each for the financial year ended 31st March, 2023 ('final dividend'), subject to approval of the members at the ensuing AGM.
- b. Final dividend for the financial year ended 31st March, 2023, if approved by the members at the ensuing AGM, will be paid on or after Friday, 30th June, 2023, to those members whose names appear on the Register of Members of the Company or Register of Beneficial Owners maintained by the Depositories as on the record date i.e. Friday, 9th June, 2023.
- c. Members holding shares in physical/demat form are hereby informed that the bank particulars registered with RTA or their respective DP, as the case may be, will be considered by the Company for payment of final dividend.
- d. Members holding shares in physical/demat form are required to submit their bank account details, if not already registered, as mandated by the SEBI.
- e. In case the Company's dividend banker is unable to process the final dividend to any member by electronic mode, due to non-availability of the details of the bank account or for any other valid reason whatsoever, the Company shall dispatch the dividend warrants/demand drafts to such Member by post.

20. TDS on dividend

- a. As per the Income-tax Act, 1961, dividends paid or distributed by the Company after 1st April, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source ("TDS") at the prescribed rates from the dividend to be paid to the shareholders, subject to requisite approvals. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof.

- b. A separate email communication was sent to the members on Friday, 12th May, 2023, informing the relevant procedure to be adopted by them/documents to be submitted for availing the applicable tax rate. The said communication and draft of the exemption forms and other documents are available on the Company's website at <https://www.asianpaints.com/TDSExemptionForms.html>.
- c. The resident and non-resident shareholders should send the scanned copies of the requisite documents to TSR at csg5-exemptforms2324@tcplindia.co.in on or before Friday, 16th June, 2023 to enable the Company to determine the appropriate TDS/withholding tax rate, as may be applicable. The resident individual shareholders also have an option to upload the exemption documents directly at <https://tcpl.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.
- d. Members are requested to note that in case the tax on dividend is deducted at a higher rate in absence of receipt of the requisite details/documents, there would still be an option available to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

21. Investor Education and Protection Fund ("IEPF") related information

- a. Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends that are unpaid or unclaimed for a period of 7 (seven) consecutive years from the date of their transfer are required to be transferred by the Company to the IEPF, administered by the Central Government. Further, according to the said IEPF Rules, shares in respect of which dividend remain unclaimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority. The Company requests all the members to encash/claim their respective dividend within the prescribed period.

- b. The dividend amount and shares transferred to the IEPF can be claimed by the concerned shareholder(s)/legal heir(s) from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at <https://www.asianpaints.com/IEPF.html> and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link www.iepf.gov.in. Please refer the 'General Shareholder Information' section forming part of the Integrated Annual Report for further details with respect to unclaimed dividends and transfer of dividends/shares to the IEPF.

22. Updation of PAN, KYC, and nomination details

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to, *inter alia*, furnish PAN, KYC, and nomination details. Physical folios wherein the PAN, KYC, and nomination details were not available on or after 1st April, 2023, were to be frozen by the RTA and would be eligible for lodging grievance or any service request only after registering the required details. The said timeline of 1st April, 2023 for freezing of folios has been extended to 1st October, 2023.

Any payments including dividend in respect of such frozen folios shall only be made electronically with effect from 1st April, 2024, upon registering the required details. The said physical folios shall be referred by the Company or RTA to the administering authority under the Prohibition of *Benami* Property Transactions Act, 1988 and/or Prevention of Money-Laundering Act, 2002, if they continue to remain frozen as on 31st December, 2025.

If a Shareholder holding shares in physical form desires to opt out or cancel the earlier nomination and record a fresh nomination, the Shareholder may submit the same in the prescribed form.

Shareholders holding shares in demat form who have not furnished nomination nor have submitted declaration for opting out of nomination, are required to register or opt out from nomination, as the case may be, on or before 30th September, 2023, failing which their trading accounts shall be frozen for trading and demat account shall be frozen for debits.

The Company has sent individual letters to all the shareholders holding shares of the Company in physical form for furnishing their PAN, KYC, and nomination details. The relevant Circular(s) and necessary forms in this regard have been made available on the website of the Company at <https://www.asianpaints.com/ShareholderServiceRequest.html> and its RTA at <https://www.tcplindia.co.in/client-downloads.html>.

Accordingly, the members are advised to register their details with the RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

23. Issue of securities in dematerialised form

- a. SEBI vide its notification dated 24th January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, the members are advised to dematerialise their holdings.
- b. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated listed companies to issue securities only in dematerialised form while processing service requests viz, Issue of duplicate securities certificate; Claim from unclaimed suspense account; Renewal/exchange of securities certificate; Endorsement; Sub-division/splitting of securities certificate; Consolidation of securities certificates/folios; Transmission; and Transposition.

The manner and process of making application as per the aforesaid revised framework and operational guidelines thereto is available on the website of the RTA at <https://www.tcplindia.co.in/client-downloads.html> and the Company at <https://www.asianpaints.com/ShareholderServiceRequest.html>.

24. **Process for availing various investor service requests**
- Members are requested to refer SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023 for common and simplified norms for processing any service requests before making an application to the Company/RTA. Please refer the ‘General Shareholder Information’ section forming part of the Integrated Annual Report for further details.

EXPLANATORY STATEMENT
In terms of Section 102 of the Companies Act, 2013.

Resolution No. 5
Mr. Ashwin Dani (DIN: 00009126), Non-Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting (“AGM”) and being eligible seeks re-appointment under Item No. 3 of this Notice.

In accordance with Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) consent of the members is required to appoint/continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (seventy-five) years. The consent of the members by way of Special Resolution is sought for the continuation of directorship of Mr. Ashwin Dani, who has attained the age of 80 (eighty) years.

Based on the recommendation of the Nomination and Remuneration Committee (“NRC”), the Board of Directors of the Company at their meeting held on 11th May, 2023, proposed the continuation of Mr. Ashwin Dani as a Non-Executive Director of the Company, and recommends this Special Resolution as set out in Resolution No. 5 of this Notice for approval of the members of the Company.

In the opinion of the NRC and Board of Directors of the Company, considering Mr. Ashwin Dani’s seniority, role played by him towards the growth of this Company and to reap the benefits of his rich and varied experience, approval of the members is sought for continuation of Mr. Ashwin Dani as a Non-Executive Director, liable to retire by rotation as set out in Resolution No. 5 of this Notice.

Relevant details relating to continuation of directorship of Mr. Ashwin Dani, including his profile, as required by the Companies Act, 2013 (“the Act”), the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are provided in the “Annexure” to this Notice.

Mr. Ashwin Dani is not disqualified from continuing as a Director in terms of Section 164 of the Act, and has consented to continue as a Director of the Company. He is not debarred from holding the office of Director by virtue of any order passed by the Securities and Exchange Board of India or any other such authority pursuant to BSE Circular No. LIST/COMP/14/2018-19 and NSE Circular No. NSE/CML/2018/24, both dated 20th June, 2018.

Other than Mr. Ashwin Dani, Mr. Malav Dani, and their relatives, to whom the resolution relates, none of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, except to the extent of their respective shareholding, if any, in the proposed Special Resolution as set out in Resolution No. 5 of this Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Resolution No. 6
Based on the recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on 11th May, 2023, approved the appointment of RA & Co., Cost Accountants (Firm Registration No. 000242), as the Cost Auditors for audit of the cost records maintained by the Company for the financial year ending 31st March, 2024, at a remuneration not exceeding ₹ 9,00,000 (Rupees nine lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) maintenance of cost records and audit thereof is applicable in respect of Thinners, Sealers (Smartcare range, PU Magnum & Construction chemical), Pentaerythritol, Emulsions, Alkyds & other Resins and Bath fittings and other applicable products, which contributed to about 2.63% (₹ 663.31 crores) of the overall operating income of the Company in the previous financial year.

The overall remuneration proposed to be paid to the Cost Auditors for the financial year ending 31st March, 2024 is commensurate to the scope of the audit to be carried out by the Cost Auditors and is in line with the guidelines issued by the Institute of Cost Accountants of India.

RA & Co., Cost Accountants, have confirmed that they hold a valid certificate of practice under Section 6(1) of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable to Cost Auditors is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors.

None of the Directors, Key Managerial Personnel, or their relatives, are in any way, concerned or interested, financially or otherwise, except to the extent of their respective shareholding in the Company, if any, in the proposed Ordinary Resolution as set out in Resolution No. 6 of this Notice.

The Board of Directors recommends the Resolution as set out in Resolution No. 6 of this Notice for approval by the members of the Company.

By Order of the Board of Directors
of **Asian Paints Limited**

R J Jeyamurugan
CFO & Company Secretary

11th May, 2023
Registered Office:
6A, Shantinagar, Santacruz (East), Mumbai – 400 055

Annexure

Name of the Director(s)	Ashwin Dani (DIN: 00009126)	Amrita Vakil (DIN: 00170725)
Age (Years)	80	42
Brief resume along with experience and qualifications	<p>Mr. Ashwin Dani started his career in 1967, as a Development Chemist with Inmont Corp, (an Industrial Coatings manufacturer, now known as BASF) Detroit, USA. He joined the Company as a Senior Executive in 1968 and moved through successive senior positions like Director – R&D, Works Director and Whole-time Director within the Company. He has served on the Board of the Company in various capacities like Vice Chairman & Managing Director, Non-Executive Vice Chairman and Non-Executive Chairman. He is presently a Non-Executive Director on the Board of the Company. At Asian Paints, Mr. Ashwin Dani has been responsible for the development and introduction of many new products for the first time in India.</p> <p>He pioneered the idea of computerised colour matching in the Indian industry. This concept is now widely used across industries in the field of paints, plastics, printing inks and textiles. Asian Paints was the first paint company in Asia, to implement this concept way back in 1975. He was also instrumental in setting up the 50:50 joint venture between Asian Paints Limited and PPG Industries Inc., USA, for industrial coatings. He was the founder Director on the Board of the first joint venture company with PPG Industries Inc., which is currently in its 26th year of operation. He also played an important role in shifting the packaging of water thinnable paints for decorative purpose from metal to plastic containers.</p> <p>Mr. Dani is a technocrat and drives strong focus on Research and Development initiatives in line with consumer requirements within the Company. His knowledge of the business environment and vast experience in general management has been an asset to the Company. He is passionate about developing talent in the Company and was instrumental in introducing many management graduates across all fields in the Company.</p> <p>He was the founder promoter of Loctite India Private Limited which is now known as Henkel Adhesives Technologies India Private Limited. Throughout his career, he has been associated with various government and trade bodies like the President’s Advisory Council of the University of Akron, Akron, Ohio, USA, The Central Board of Trustees – Employees Provident Fund of the Government of India, Vice President of the</p>	<p>Ms. Amrita Vakil began her career at Asian Paints Limited in the year 2003 in the Human Resource department. She was responsible for end-to-end training of the executives cadre of the Company. She was also instrumental in the launch of employees’ intranet portal of the Company.</p> <p>In the year 2005, she joined Frost & Sullivan, an American Consulting company as a Senior HR Executive and managed a Generalist HR profile. She handled HR operations for all their India & Middle East offices. She spent a total of 5 (five) years at Frost and Sullivan and then moved on to pursue her passion in the hospitality sector.</p> <p>Ms. Vakil is also an avid angel investor with particular interest in investing in start-ups.</p> <p>Ms. Amrita Vakil holds:</p> <ul style="list-style-type: none">Bachelor’s of Science Degree in Human ResourcesEconomics Degree from Michigan State University, East Lansing, Michigan.

Name of the Director(s)	Ashwin Dani (DIN: 00009126)	Amrita Vakil (DIN: 00170725)
Brief resume along with experience and qualifications (Contd.)	<p>Federation of Indian Chambers of Commerce & Industry (“FICCI”), Board of Governors of the UDCT {now known as the Institute of Chemical Technology (“ICT”)} Alumni Association, Board of Management of ICT, Mumbai.</p> <p>Mr. Ashwin Dani is the recipient of several awards and recognitions for his work. To name a few, ‘Lifetime Achievement Award’ by CNBC-TV18’s India Business Leader Awards (“ILBA”) in April, 2022, ‘The B. Krishnamurthy Award of Excellence’ by the Hyderabad Management Association and Centre for Organisational Development in September, 2017, ‘Businessman of the Year’ award in 2015 by Business India magazine, ‘Lifetime Achievement Award’ by Indian Paint Association (“IPA”) in 2011, ‘Achiever of the year award – chemical industry’ by the Chemtech Foundation in 2003, Ernst & Young Entrepreneur of the year award in the ‘Manufacturing’ category in November, 2003 and the ‘Cheminor Award’ from the Indian Institute of Materials Management for excellence in Supply Chain Management in 2002.</p> <p>He has held Independent directorships on the Board of several leading listed Indian companies and practices yoga regularly.</p> <p>Mr. Ashwin Dani holds:</p> <ul style="list-style-type: none">Bachelor’s Degree in Science (Hons.)Bachelor’s Degree in Paint Technology, ICT (formerly UDCT)Masters’ Degree in Polymer Science, from the University of Akron, USA.	
Expertise in specific functional areas	Mr. Ashwin Dani had worked and developed expertise across all functions within the Company including Research & Technology, Sales & Marketing, Strategy, Supply Chain Management and Business Management, besides being one of the best paint technocrats in the country	Sales & Marketing, Human Resources, General Management and Finance
Date of first appointment on the Board	1 st April, 2009 (as an Additional Non-Executive Director. Appointed as Non-Executive Director w.e.f. 26 th June, 2009, by the shareholders at the AGM held on 26 th June, 2009)	14 th May, 2014 (as an Additional Non-Executive Director. Appointed as Non-Executive Director w.e.f. 26 th June, 2014, by the shareholders at the AGM held on 26 th June, 2014)
Shareholding in the Company as on the date of Notice (self and beneficial basis)	11,24,870 equity shares of face value of ₹ 1 each (0.12% of the paid-up share capital of the Company)	25,66,680 equity shares of face value of ₹ 1 each (0.27% of the paid-up share capital of the Company)
Terms and conditions of re-appointment	Non-Executive Director, liable to retire by rotation	Non-Executive Director, liable to retire by rotation

Name of the Director(s)	Ashwin Dani (DIN: 00009126)	Amrita Vakil (DIN: 00170725)
Details of remuneration last drawn (FY 2022-23)	₹ 57,35,000 (Includes sitting fees, commission and retiral benefits like gratuity and leave encashment as per the agreement entered in his capacity as an Executive Director of the Company which ended on 31 st March, 2009)	₹ 54,80,000 (Includes sitting fees and commission)
Details of proposed remuneration	Sitting fees and commission as approved by the Board of Directors/shareholders in accordance with applicable provisions of law. The detailed criteria is available in the Nomination and Remuneration Policy of the Company	Sitting fees and commission as approved by the Board of Directors/shareholders in accordance with applicable provisions of law. The detailed criteria is available in the Nomination and Remuneration Policy of the Company
Inter-se relationships between <ul style="list-style-type: none">DirectorsKey Managerial Personnel	Father of Mr. Malav Dani, Non-Executive Director and member of the Promoter(s) & Promoter(s) Group of the Company NA	Cousin of Ms. Nehal Vakil, Non-Executive Director and member of the Promoter(s) & Promoter(s) Group of the Company NA
Number of meetings of the Board attended during the financial year 2022-23	8 of 8	8 of 8
Chairpersonship/ Membership of the Committee(s) of Board of Directors of the Company as on 31 st March, 2023	Nil	a. Member of Investment Committee b. Member of Corporate Social Responsibility Committee
Other companies in which he/she is a Director excluding directorship in Private and Section 8 companies as on 31 st March, 2023	Listed company: a. Hitech Corporation Limited Unlisted company: a. Resins and Plastics Limited b. Hitech Specialities Solutions Limited	Listed company: a. Elcid Investments Limited Unlisted company: a. Murahar Investments and Trading Company Limited b. Suptaswar Investments and Trading Company Limited
Chairpersonship/ Membership of the Committee(s) of Board of Directors of other companies in which he/she is a Director excluding Private and Section 8 companies as on 31 st March, 2023	a. Hitech Corporation Limited i. Chairman of Stakeholders Relationship Committee b. Resins and Plastics Limited i. Chairman of Stakeholders Relationship Committee ii. Member of Nomination and Remuneration Committee	a. Murahar Investments and Trading Company Limited i. Member of Audit Committee ii. Member of Nomination and Remuneration Committee
Listed companies from which the Director has resigned in the past 3 (three) years	Nil	Nil

INFORMATION AT A GLANCE

Particulars	Details
Day, date, and time of AGM	Tuesday, 27 th June, 2023 at 11.00 a.m. IST
Mode	Video conference/other audio visual means
Participation through video conference	www.evoting.nsdl.com
Final dividend record date	Friday, 9 th June, 2023
Final dividend payment date	On or after Friday, 30 th June, 2023
Cut-off date for e-voting	Tuesday, 20 th June, 2023
E-voting start date and time	Friday, 23 rd June, 2023 at 9.00 a.m. IST
E-voting end date and time	Monday, 26 th June, 2023 at 5.00 p.m. IST
E-voting website of NSDL	www.evoting.nsdl.com
Speaker registration start date and time	Friday, 23 rd June, 2023 at 9.00 a.m. IST
Speaker registration end date and time	Sunday, 25 th June, 2023 at 5.00 p.m. IST
Last date for sending questions	Sunday, 25 th June, 2023 till 5.00 p.m. IST
Name, address and contact details of e-voting service provider	National Securities Depository Limited (“NSDL”) Trade World, A wing, 4 th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Mr. Amit Vishal Assistant Vice President – NSDL Ms. Pallavi Mhatre Senior Manager – NSDL Contact Details: Email ids: amitv@nsdl.co.in pallavid@nsdl.co.in evoting@nsdl.co.in Helpline Nos.: (022) 4886 7000 (022) 2499 7000
Name, address and contact details of Registrar and Share Transfer Agent	TSR Consultants Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 Tel No.: +91 810 811 8484 Fax No.: (022) 6656 8494 Toll Free No.: 1800-2100-124 (exclusive for the shareholders of Asian Paints Limited) Email id: csg-unit@tcplindia.co.in Website: www.tcplindia.co.in

Board’s Report

Dear members,

The Board of Directors are pleased to present the 77th Integrated Annual Report of the Company along with the audited financial statements (standalone and consolidated) for the financial year ended 31st March, 2023.

FINANCIAL RESULTS AND STATE OF COMPANY AFFAIRS

The Company’s financial performance for the year ended 31st March, 2023 is summarised below:

(₹ in Crores)						
Particulars	Standalone			Consolidated		
	2022-23	2021-22	Growth (%)	2022-23	2021-22	Growth (%)
Revenue from sales and other operating income	30,078.40	25,188.51	19.4%	34,488.59	29,101.28	18.5%
Earning Before Interest, Taxes, Depreciation and Amortisation	6,338.49	5,039.68	25.8%	6,646.32	5,183.62	28.2%
Less : Finance Costs	93.06	70.25		144.45	95.41	
Less : Depreciation and Amortisation Expense	755.83	721.56		858.02	816.36	
Profit for the period before share of profit in associate	5,489.60	4,247.87	29.2%	5,643.85	4,271.85	32.1%
Share of profit of Associate	-	-		93.85	31.57	
Profit before exceptional items & tax	5,489.60	4,247.87	29.2%	5,737.70	4,303.42	
Exceptional Items**	-	53.73		48.87	115.70	
Profit before Tax	5,489.60	4,194.14	30.9%	5,688.83	4,187.72	35.8%
Less : Tax Expense	1,389.42	1,059.43		1,493.50	1,102.91	
Profit for the period	4,100.18	3,134.71	30.8%	4,195.33	3,084.81	36.0%
Attributable to:						
Shareholders of the Company	4,100.18	3,134.71	30.8%	4,106.45	3,030.57	35.5%
Non-Controlling Interest	-	-		88.88	54.24	
Other Comprehensive Income (net of tax)	67.35	(72.31)		13.04	(225.66)	
Total Comprehensive Income	4,167.53	3,062.40	36.1%	4,208.37	2,859.15	47.2%
Attributable to:						
Shareholders of the Company	4,167.53	3,062.40	36.1%	4,130.96	2,818.26	46.6%
Non-Controlling Interest	-	-		77.41	40.89	
Opening balance in Retained Earnings^	8,953.07	7,556.03		9,167.34	7,874.02	
Amount available for Appropriation^	13,045.78	10,694.02		13,266.48	10,908.45	
Dividend						
Interim - FY 2022-23	422.08	-		422.08	-	
Interim - FY 2021-22	-	350.11		-	350.11	
Final - FY 2021-22	1,486.78	-		1,486.78	-	
Final - FY 2020-21	-	1,390.84		-	1,390.84	
Gross obligation towards further acquisition in subsidiary	-	-		16.22	-	
Transfer to other Reserve	-	-		0.48	0.16	
Closing balance in Retained Earnings^	11,136.92	8,953.07		11,340.92	9,167.34	

** For standalone financial results, exceptional items comprise of provision for expected credit loss made towards subsidy receivable in the previous year. For consolidated financial results, exceptional items include impairment provision towards goodwill in Causeway Paints Lanka (Pvt.) Limited, subsidiary company, and foreign exchange loss due to devaluation of Sri Lankan Rupee.

^ Includes re-measurement of defined benefit plans.

COMPANY PERFORMANCE OVERVIEW

During the financial year 2022-23:

- a. Revenue from operations on standalone basis increased to ₹ 30,078.40 crores as against ₹ 25,188.51 crores in the previous year – a growth of 19.4%.
- b. Cost of goods sold as a percentage to revenue from operations decreased to 60.9% as against 62% in the previous year.
- c. Employee cost as a percentage to revenue from operations decreased to 5% (₹ 1,513.89 crores) as against 5.2% (₹ 1,310.14 crores) in the previous year.
- d. Other expense as a percentage to revenue from operations increased to 14.7% (₹ 4,416.49 crores) as against 14.6% (₹ 3,681.62 crores) in the previous year.
- e. Profit before exceptional items and tax for the current year is ₹ 5,489.60 crores as against ₹ 4,247.87 crores in the previous year – a growth of 29.2%.
- f. Profit after tax for the current year is ₹ 4,100.18 crores as against ₹ 3,134.71 crores in the previous year – a growth of 30.8%.
- g. On a consolidated basis, the Group achieved revenue of ₹ 34,488.59 crores as against ₹ 29,101.28 crores – a growth of 18.5%.
- h. Net profit after non-controlling interest for the Group for the current year is ₹ 4,106.45 crores as against ₹ 3,030.57 crores in the previous year – a growth of 35.5%.

Exceptional items:

Economic crisis in Sri Lanka had led to currency devaluation resulting in recognition of an expense of ₹ 24.21 crores towards exchange loss arising on foreign currency obligations of Causeway Paints Lanka (Pvt.) Limited (“Causeway Paints”) for the quarter ended 30th June, 2022. The above expense is disclosed as an exceptional item in the consolidated financial results for the financial year ended 31st March, 2023.

Further based on assessment of the fair value of investment made in Causeway Paints taking into account past business performance, prevailing business conditions and revised expectations of the future performance considering ongoing economic crisis in Sri Lanka, impairment loss of ₹ 24.66 crores on ‘goodwill on consolidation’ has been recognised in consolidated financial results.

The performance of the Decorative, Home Dècor and Industrial Business of the Company in India and international operations during the last financial year, important changes in these businesses, external environment and economic outlook are detailed out in the separate section of Management Discussion and Analysis Report forming part of this Integrated Annual Report.

During the year under review, there was no change in the nature of business of the Company.

Confirmations:

- a. There was no revision of financial statements and Board’s Report of the Company for the preceding financial years, during the year under review.
- b. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2022-23 and the date of this Report.

FINANCIAL SALIENCY

The Company’s principal sources of liquidity are cash and cash equivalents, liquid investments and the cash flow that the Company generates from its operations. The Company continued to be debt-free and maintained sufficient cash to meet its strategic and operational requirements.

Cash and bank balances, current/non-current term deposits, investments in mutual funds and debentures/ bonds on a standalone basis as on 31st March, 2023, stood at ₹ 4,269.98 crores against ₹ 3,574.94 crores in the previous financial year. Cash and investments, on both standalone and consolidated basis, include deposits with banks and financial institutions with high credit ratings by international and domestic credit rating agencies. As a result, liquidity risk towards such balances is limited. Ratings are monitored periodically.

The Company’s working capital management is robust and involves a well-organised process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

CAPITAL EXPENDITURE

During the year under review, the Company on a standalone basis spent ₹ 1,057.27 crores against ₹ 402.91 crores in the previous financial year towards capital expenditure. This mainly comprises of regular capital expenditure at various plant locations & company offices/warehouses, manufacturing capacity expansion and construction of new head office building.

Board’s Report (Contd.)

TRANSFER TO RESERVES

During the year under review, there was no amount transferred to any of the reserves by the Company.

DIVIDEND

The Board of Directors at their meeting held on 11th May, 2023, has recommended payment of ₹ 21.25 (2125%) per equity share of ₹ 1 each as final dividend for the financial year 2022-23. The record date for the purpose of payment of final dividend is Friday, 9th June, 2023. The final dividend, subject to the approval of the shareholders at the ensuing Annual General Meeting (“AGM”) of the Company, will be paid on or after Friday, 30th June, 2023. During the year under review, interim dividend of ₹ 4.40 (440%) per equity share of ₹ 1 each was paid to the shareholders on 10th November, 2022.

The total dividend for the financial year 2022-23, including the proposed final dividend, amounts to ₹ 25.65 per equity share of ₹1 each would involve a total outflow of ₹ 2,460.35 crores resulting in a dividend pay-out of 60% [as against ₹19.15 per equity share of ₹ 1 each with the outflow of ₹1,836.87 crores in financial year 2021-22 resulting in a dividend pay-out ratio of 58.6%] of the standalone profits of the Company.

As per the Income Tax Act, 1961, dividends paid or distributed by the Company shall be taxable in the hands of the shareholders. Accordingly, the Company makes the payment of the dividend from time to time after deduction of tax at source.

Details of dividend paid by the Company during the financial year 2022-23 is stated below:

Particulars	Gross amount of dividend* (₹ in Crores)	Tax deducted at source (₹ in Crores)	Net amount of dividend (₹ in Crores)
Final Dividend 2021-22	1,486.78	169.85	1,316.93
Interim Dividend 2022-23	422.08	46.81	375.27
Total	1,908.86	216.66	1,692.20

* Includes excess funding made to the dividend account owing to rounding up of gross dividend.

The aforesaid interim and final dividend(s) are being paid by the Company from its profits for the respective financial years.

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A

of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) is available on the Company’s website at <https://www.asianpaints.com/DDPolicy.html>.

During the year under review, the Company in its endeavour to enhance its disclosure and corporate governance practices reviewed and amended the Dividend Distribution Policy, *inter alia*, to include range of proposed dividend pay-out ratio in a financial year to be between 55% to 65% of its annual standalone profit after tax. The Board of Directors of the Company, considering the business & financial parameters and external factors mentioned in the Policy, shall endeavour to maintain the said dividend pay-out ratio.

ASIAN PAINTS GROUP

The Company has 24 subsidiary companies (19 international subsidiary companies), 1 associate company and 2 joint ventures companies as on 31st March, 2023.

International Business

Outside India, the Company has operations in 14 countries across four regions of the world – Asia (Bangladesh, Nepal, Sri Lanka and Indonesia), the Middle East (Oman, Bahrain, United Arab Emirates ("UAE") and Qatar), Africa (Egypt and Ethiopia) and South Pacific (Fiji, Solomon Islands, Samoa and Vanuatu). The Group continues to focus on increasing its market presence in emerging markets, especially in Asia and Africa.

Financial Performance

A list of bodies corporates which are subsidiaries/ associates/joint ventures of the Company is provided as part of the notes to Consolidated Financial Statements (“CFS”). The financial performance of the Company’s select subsidiary, associate and joint venture companies for the financial year 2022-23 is provided below:

i. Asian Paints International Private Limited

Asian Paints International Private Limited (“APIPL”), Singapore, is a wholly owned subsidiary company of the Company and is the holding company for all of its subsidiary companies carrying out operations overseas, except Asian Paints (Nepal) Private Limited, Nepal and Asian White Cement Holding Limited, Dubai International Financial Centre, UAE (incorporated on 2nd May, 2023). The principal activities of APIPL are those of investment holding and management.

On a consolidated basis, revenue of APIPL was ₹ 2,549.36 crores (growth of 5.3% year-on-year) and net loss of ₹ 60.18 crores (against net loss of ₹ 177.83 crores in previous year).

ii. Asian Paints (Nepal) Private Limited

Asian Paints (Nepal) Private Limited (“AP Nepal”), Nepal, is a subsidiary company of the Company. Its principal business is manufacturing and selling of paints products in Nepal.

Revenue of AP Nepal was ₹ 546.65 crores (growth of 15.3% year-on-year) and net profit of ₹ 95.54 crores (growth of 4.8% year-on-year).

iii. Obgenix Software Private Limited

Obgenix Software Private Limited (“White Teak”) is an associate company of the Company. White Teak is engaged in the business of decorative lighting products and fans.

Revenue of White Teak was ₹ 108.51 crores and net profit of ₹ 11.55 crores. The growth/de-growth has not been reported as stake in White Teak was acquired during the financial year 2022-23.

iv. Asian Paints PPG Private Limited

Asian Paints PPG Private Limited (“APPPG”) is a joint venture company between the Company and PPG Industries Securities LLC. APPPG is engaged in the business of manufacturing, selling and distribution of protective coatings, powder coatings, road markings and floor coatings and providing related services.

Revenue of APPPG was ₹ 1,019.40 crores (growth of 28.4% year-on-year) and net profit of ₹ 62.72 crores (growth of 103.9% year-on-year).

v. PPG Asian Paints Private Limited

PPG Asian Paints Private Limited (“PPGAP”) is a joint venture company between the Company and PPG Industries Securities LLC. PPGAP is engaged in the business of manufacturing and trading of paints and coatings for automotive, original equipment manufacturer, packaging, refinish, marine and other industries.

On a consolidated basis, revenue of PPGAP was ₹ 1,830.08 crores (growth of 26.8% year-on-year) and net profit of ₹ 176.38 crores (growth of 179.3% year-on-year).

A separate statement containing the salient features of financial statements of subsidiaries, associates, joint ventures of the Company in the prescribed Form AOC-1 forms a part of CFS, in compliance with Section 129(3) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Rules issued thereunder.

The Company does not have a material subsidiary as per the Listing Regulations.

The Company’s Policy for determining material subsidiaries is available on the Company’s website at <https://www.asianpaints.com/PolicyforMaterialSubsidiaries.html>.

Consolidated Financial Statements

In accordance with the provisions of the Act, Regulation 33 of the Listing Regulations and applicable Indian Accounting Standards (“Ind AS”), the audited CFS of the Company for the financial year 2022-23, together with the Auditor’s Report forms part of this Integrated Annual Report.

In accordance with Section 136 of the Act, the audited financial statements, including the CFS and related information of the Company and the separate financial statements of each of the subsidiary company, are available on the Company’s website at <https://www.asianpaints.com/AnnualReports.html>. Any member desirous of inspecting or obtaining copies of the audited financial statements, including the CFS may write to the Company Secretary at investor.relations@asianpaints.com.

CAPACITY EXPANSION, NEW PROJECTS AND STRATEGIC ALLIANCES

Continuing the journey of home décor

Acquisition of stake in Obgenix Software Private Limited

In April, 2022, the Company has acquired 49% of the equity share capital of Obgenix Software Private Limited (popularly known by the brand name “White Teak”). Accordingly, White Teak is an associate company of the Company.

White Teak is engaged in the business of decorative lighting products and fans. Its tech-enabled web platform www.whiteteak.com, is one of the strongest platforms offering customers an extensive range of decorative lighting products and fans, further supplemented by its excellent store network across many key urban cities in India.

Board’s Report (Contd.)

As per the definitive agreements entered into with the shareholders of White Teak, the Company has agreed to acquire the balance 51% stake in White Teak in a phased manner.

Acquisition of majority stake in Weatherseal Fenestration Private Limited

In June, 2022, the Company acquired 51% of the equity share capital of Weatherseal Fenestration Private Limited (“Weatherseal”) by subscribing to further issue of equity share capital of Weatherseal. Accordingly, Weatherseal is subsidiary company of the Company.

Weatherseal is engaged in the business of uPVC windows and doors space and has established reputable presence in the retail and project customer segment, primarily in South of India. It has a strong tech-enabled platform that has facilitated to provide a seamless customer experience in a scalable way.

As per the definitive agreements entered into with the promoters of Weatherseal, the Company has agreed to further acquire 23.9% stake in Weatherseal in a phased manner.

Investment in emulsion of the future

During the year under review, the Board of Directors of the Company approved the setting up of a manufacturing facility for Vinyl Acetate Ethylene Emulsion (“VAE”) and Vinyl Acetate Monomer (“VAM”) in India for a proposed investment of approximately ₹ 2,100 crores over a period of 3 years. The proposed manufacturing operations would be carried out through the wholly owned subsidiary company, namely Asian Paints (Polymers) Private Limited (“APPPL”), incorporated for the said purpose on 11th January, 2023.

The Company currently imports VAE and VAM for its internal consumption. VAE is a key raw material for the Company. VAM is a key input for manufacturing VAE. VAE is considered to be the emulsion of the future and the key constituent for manufacturing environment friendly paints. VAE offers better paint properties and can significantly improve paint performance in customer facing attributes.

The installed capacity of the said manufacturing facility to be set up by APPPL would be 1,00,000 tons per annum for VAM and 1,50,000 tons per annum for VAE. In house manufacturing of VAE & VAM by APPPL would provide substantial sustainable cost efficiencies and will substitute the Company’s dependence on imports.

The setting up of facility for manufacturing of VAE & VAM would be based on licensed technology tie ups.

Asian Paints proposes to set up White Cement manufacturing facility

During the year under review, the Company entered into definitive agreements for setting up of a joint venture company in Fujairah, UAE, with RS Holdings Limited, Fujairah, UAE, Associated Soap Stone Distributing Company Private Limited, India, and others to carry out the business of manufacturing and exporting white cement and white cement clinkers.

The overall investment would be approximately ₹ 550 crores, to be funded over a period of 2 years through a combination of equity funding and external debt financing.

White cement is the key raw material for some of the powder products and undercoats like putty which is a levelling powder product for various substrates. At present, the Company purchases white cement for manufacturing powder products and undercoats in India. The setting up of the manufacturing facility for white cement would ensure new opportunities for the Company and a sustainable cost advantage along with an assured long-term supply of good quality raw materials.

On 2nd May, 2023, a joint venture company by the name of Asian White Cement Holding Limited (“AWCHL”) has been incorporated in Dubai International Financial Centre, UAE, as the holding company for the purpose of setting up an operating company in Fujairah, UAE. The Company would be holding 70% of the equity share capital of AWCHL, post infusion of funds. AWCHL is a subsidiary company of the Company.

The operating company, proposed to be incorporated, would be setting up a facility for manufacturing white cement with an initial capacity of 2,65,000 tons per annum. In addition, clinker grinding units would be set up in India.

Partnership for Nanotechnology

In October, 2022, the Company has entered into definitive agreements with Apex Power and Industries Private Limited, Dr. Swapan Ghosh & others (“existing shareholders”) and Harind Chemicals and Pharmaceuticals Private Limited (“Harind”), agreeing to acquire 51% stake in Harind, subject to certain conditions.

Harind is a specialty chemicals company built with nanotechnology at its core, primarily in the area of surface coating and care. Harind is, *inter alia*, engaged in the business of nanotechnology-based research, manufacturing and sale of a range of additives and specialised coatings. Nanotechnology has the potential of being the next frontier in the world of coatings and the Company would be able to manufacture commercially viable high-performance coatings and additives with this technology.

As per the definitive agreements, the Company has in addition to the proposed acquisition of 51% stake in Harind, has agreed to further acquire 39% stake in a phased manner over the period of 5 years, subject to certain conditions.

Setting up new water-based paint manufacturing facility

During the year under review, the Company has initiated the process for setting up a new water-based paint manufacturing facility with a capacity of 4 lakh kilolitres per annum at an approximate investment of ₹ 2,000 crores in the state of Madhya Pradesh subject to grant of requisite incentives by the Government of Madhya Pradesh and such other approvals and clearances, as may be required. The manufacturing at the facility is expected to be commissioned in 3 years, after acquisition of land.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

i. Re-appointment of Managing Director & CEO

The shareholders of the Company at their 76th AGM held on 29th June, 2022, based on the (i) recommendations of the Board of Directors, Nomination and Remuneration Committee and Audit Committee; and (ii) considering the expertise of Mr. Amit Syngle (DIN: 07232566) in the Company’s business and his exceptional leadership and strong performance, had approved his re-appointment as the Managing Director & CEO of the Company for a second term of 5 years commencing from 1st April, 2023 to 31st March, 2028 and remuneration payable thereof.

The requisite declarations and eligibility confirmations under the provisions of the Act and Securities and Exchange Board of India (“SEBI”) Regulations were received from Mr. Amit Syngle on account of his re-appointment effective from 1st April, 2023.

ii. Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Ashwin Dani (DIN: 00009126) and Ms. Amrita Vakil (DIN: 00170725), Non-Executive Directors of the Company, are liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

Based on performance evaluation and recommendation of Nomination and Remuneration Committee, the Board of Directors recommends their re-appointment as Non-Executive Directors of the Company, liable to retire by rotation.

The Managing Director & CEO and Independent Directors of the Company are not liable to retire by rotation.

Mr. Ashwin Dani, Non-Executive Director of the Company, having attained the prescribed age limit of 75 years, for continuation of his directorship a Special Resolution is proposed in accordance with Regulation 17(1A) of the Listing Regulations for approval by the shareholders of the Company at the ensuing AGM.

In the opinion of the Nomination and Remuneration Committee and Board of Directors of the Company, considering seniority of Mr. Ashwin Dani and role played by him towards the growth of this Company and to reap the benefits of his rich and varied experience, the re-appointment of Mr. Ashwin Dani as a Non-Executive Director of the Company, liable to retire by rotation and continuation of his directorship beyond 75 years of age would be in the interest of the Company and its shareholders.

None of the Directors of the Company have resigned during the year under review.

Key Managerial Personnel

Mr. Amit Syngle, Managing Director & CEO and Mr. R J Jeyamurugan, CFO & Company Secretary are the Key Managerial Personnel of the Company.

During the year under review, there were no changes to the Key Managerial Personnel of the Company.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the Directors of the Company state that:

- a. in the preparation of the annual accounts for the financial year ended 31st March, 2023, the applicable Accounting Standards have been followed and there are no material departures from the same.
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the profits of the Company for the financial year ended 31st March, 2023.
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the annual accounts have been prepared on a ‘Going Concern’ basis.
- e. proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and operating effectively.
- f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

The aforesaid statement has also been reviewed and confirmed by the Audit Committee of the Board of Directors of the Company.

Declaration from Directors

The Company has, *inter alia*, received the following declarations from all the Independent Directors confirming that:

- a. they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedule and Rules issued thereunder and the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

- b. they have complied with the Code for Independent Directors prescribed under Schedule IV to the Act.
- c. they have registered themselves with the Independent Director’s Database maintained by the Indian Institute of Corporate Affairs.

The Board of Directors of the Company have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) or are debarred or disqualified by SEBI, Ministry of Corporate Affairs (“MCA”) or any other such statutory authority.

All members of the Board and senior management have affirmed compliance with the Code of Conduct for Board and senior management for the financial year 2022-23.

The Company had sought following certificate from independent and reputed Company Secretaries in practice confirming that:

- a. none of the Directors on the Board of the Company have been debarred or disqualified from being appointed and/or continuing as Directors by the SEBI/MCA or any other such statutory authority.
- b. independence of the Directors of the Company in terms of the provisions of the Act, read with the Schedule and Rules issued thereunder and the Listing Regulations.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 8 meetings of the Board of Directors were held. The details of the meetings of the Board of Directors of the Company held and attended by the Directors during the financial year 2022-23 are given in the Corporate Governance Report forming part of this Integrated Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Act and the Listing Regulations.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors are familiarised with the operations and functioning of the Company at the time of their appointment and on an ongoing basis. The details of the training and familiarisation programme are provided in the Corporate Governance Report and is also available on the website of the Company at <https://www.asianpaints.com/FamiliarisationProgramme.html>.

COMMITTEES

As on 31st March, 2023, the Board has 6 Committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders Relationship Committee and Investment Committee.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

A detailed note on the composition of the Board and its Committees, meetings held during the year and its terms of reference is provided in the Corporate Governance Report forming part of this Integrated Annual Report. The composition and terms of reference of all the Committees of the Board of Directors of the Company is in line with the provisions of the Act and the Listing Regulations.

AUDITORS AND AUDITOR’S REPORT
Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm’s Registration No. 117366W/W-100018), were re-appointed as Statutory Auditors of the Company at the 75th AGM held on 29th June, 2021, to hold office till the conclusion of the 80th AGM.

Deloitte Haskins & Sells LLP has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company. The profile of the Statutory Auditors is available on the website of the Company at <https://www.asianpaints.com/StatutoryAuditors.html>.

The Statutory Auditors have issued an unmodified opinion on the financial statements for the financial year 2022-23 and the Auditor’s Report forms part of this Integrated Annual Report.

During the year under review, the Board of Directors of the Company, based on the recommendation of the Audit Committee and in consultation with the Statutory

Auditors of the Company, approved the Policy on engagement of Statutory Auditors of the Company. This Policy provides a documented approach for engagement of Statutory Auditors including the following: (i) law governing appointment and removal of Statutory Auditors and regulatory reporting; (ii) rotation of audit partners every 5 years during the 10 years tenure of the Statutory Auditors; (iii) eligibility and qualifications of audit partner/firm; and (iv) restrictions on employment of audit partners.

The said Policy on engagement of Statutory Auditors is available on the website of the Company at <https://www.asianpaints.com/AuditorsEngagementPolicy.html>.

Internal Auditors

The Company has in place a robust Internal Audit function, which is led by Mr. Alok Agrawal, Chief Internal Auditor, and ably supported by a team of chartered accountants, certified internal auditors, chartered financial analysts, MBAs and ISO certified audit professionals. The Internal Audit function also partners with professional firms in the area of fraud investigation, market intelligence, digital forensics, IT audits and with other firms having expertise in certain specific areas. The audit conducted by the Internal Audit team is based on an internal audit plan, which is reviewed each year by the Audit Committee. These audits are based on risk and control based methodology and, *inter alia*, involve the review of internal controls and governance processes, adherence to management policies and review of statutory compliances.

The Chief Internal Auditor of the Company reports functionally to the Audit Committee and administratively to the Managing Director & CEO. He participates in the meetings of the Audit Committee and Risk Management Committee. The Audit Committee met the Internal Auditor without the presence of the other members of the management during the year under review.

The Chief Internal Auditor shares his findings on financial, safety, information security, compliance and reporting risks on an annual basis with the Audit Committee along with the exceptions report and mitigation plan.

During the year under review, the Audit Committee revised the Internal Audit Charter, *inter alia*, to further enhance the governance mechanism, and elaborated the scope of work of the internal audit function, specify the reporting structure of Chief Internal Auditor, elaborate the authority and responsibilities of the Chief Internal Auditor.

Board’s Report (Contd.)

The Audit Committee also approved the abridged version of the Internal Audit Charter and the same is available on the website of the Company at <https://www.asianpaints.com/AbridgedIAC charter.html>.

Secretarial Auditors

The Board of Directors of the Company, on the recommendation made by the Audit Committee, have appointed Dr. K. R. Chandratre, Practicing Company Secretary (Certificate of Practice No. 5144), as the Secretarial Auditors to conduct an audit of the secretarial records for the financial year 2023-24, based on consent received from Dr. K. R. Chandratre.

The Secretarial Audit Report for the financial year 2022-23 under the Act read with Rules made thereunder and Regulation 24A of the Listing Regulations, is set out in Annexure (A-1) to this Report.

The Secretarial Compliance Report received from Dr. K. R. Chandratre, for the financial year 2022-23, in relation to compliance of all applicable SEBI Regulations/ Circulars/Guidelines issued thereunder, Secretarial Standards, pursuant to requirement of Regulation 24A of the Listing Regulations, is set out in Annexure (A-2) to this Report. The Secretarial Compliance Report has been voluntarily enclosed as good disclosure practice.

As required by Schedule V of the Listing Regulations, the Auditor’s Certificate on Corporate Governance received from Dr. K. R. Chandratre is annexed to the Report forming part of this Integrated Annual Report.

The Secretarial Audit Report and Secretarial Compliance Report for the financial year 2022-23, does not contain any qualification, reservation or adverse remark.

Cost Auditors

The Company has maintained cost records for certain products as specified by the Central Government under Section 148(1) of the Act. RA & Co., Cost Accountants (Firm’s Registration No. 000242), are in the process of carrying out the cost audit for applicable products during the financial year 2022-23.

The Board of Directors of the Company, on the recommendation made by the Audit Committee, have appointed RA & Co., as the Cost Auditors of the Company to conduct the audit of cost records of applicable products for the financial year 2023-24. RA & Co., being eligible, have consented to act as the Cost Auditors of the Company for the financial year 2023-24.

The remuneration proposed to be paid to the Cost Auditors, subject to ratification by the members of the Company at the ensuing 77th AGM, would not exceed ₹ 9,00,000, excluding taxes and out-of-pocket expenses, if any.

The Cost Audit Report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark.

Reporting of Frauds by Auditors

None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143(12) of the Act.

RELATED PARTY TRANSACTIONS

Related party transactions at Asian Paints

The Company has been entering into transactions with related parties, including entities directly and/or indirectly controlled by members of the Promoter(s) & Promoter(s) Group, for its business purposes for more than three decades. These transactions primarily include transactions relating to purchase of raw materials, packing materials, intermediaries and such other transactions permissible and provided for under the provisions of the Act, the Listing Regulations and the Income Tax laws.

The related parties with which the Company contracts:

- a. primarily supply their products to the Company.
- b. bring in advanced and innovative technology for the benefit of the Company.
- c. customise their products to suit the Company’s specific requirements.
- d. help in enhancing the Company’s purchase cycles and assure just in time supply with resultant benefits – notably on working capital.

All of the aforementioned benefits gives the Company a competitive and cost advantage in the market, without compromising on the quality/service levels and based on sound commercial judgement.

The Company follows robust internal processes before entering into transactions with related parties and the considerations which govern the transactions with related parties are the same as those applicable for other vendors of the Company. All the transactions are undertaken for the benefit of the Company and in compliance with the applicable laws.

In order to ensure transparency and arm’s length pricing for such supplies by related parties, the Company seeks multiple quotes from related parties and unrelated parties of equal standing and appoints a related party only if such party offers competitive terms, including pricing, as compared to unrelated parties. Along with pricing, manufacturing capabilities to effectively serve Company’s requirements and quality parameters are primary factors taken into consideration.

As a part of the Company’s annual planning process, before the beginning of a financial year, details of all transactions proposed to be executed with related parties, including estimated amount of transactions to be executed, manner of determination of pricing and commercial terms, etc. are presented to the Audit Committee for its consideration and approval. The details of said transactions are also placed before the Board of Directors for their information. The Board members interested in a transaction do not participate in the discussion of the item wherein that item is being considered.

Further approval is sought during the year for any new transaction/modification to the previously approved limits/terms of contracts with the related parties. This is followed by a quarterly review of the related party transactions by the Audit Committee.

Policy

The SEBI vide amendments to the Listing Regulations had introduced substantial changes in the related party transaction framework, *inter alia*, by enhancing the purview of the definition of related party and overall scope of transactions with related parties.

During the year under review, the Board of Directors based on recommendations of the Audit Committee approved revisions to the Policy on dealing with and materiality of Related Party Transactions and framework for transaction with related parties of the Company to define the ordinary course of business, review of material related party transactions and revise the thresholds for entering into transactions with related parties and terms thereto.

The Company’s Policy on dealing with and materiality of related party transactions is available on the website of the Company at <https://www.asianpaints.com/RPTPolicy.html>.

Review

All transactions with related parties were reviewed and approved by the Audit Committee and were in accordance with the Policy on dealing with and materiality of related party transactions.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

All contracts/arrangements/transactions entered into by the Company during the year under review with related parties were in the ordinary course of business and on arm’s length basis in terms of provisions of the Act. Further, there are no contracts or arrangements entered into under Section 188(1) of the Act, hence no justification have been separately provided in that regard.

Statutory Disclosures

The details of the related party transactions as per Ind AS – 24 on Related Party Disclosures are set out in Note 38 to the standalone financial statements of the Company.

The Company in terms of Regulation 23 of the Listing Regulations submits within the stipulated time from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions, in the format specified by the stock exchanges. The said disclosures are available on the website of the Company at <https://www.asianpaints.com/StatutoryFilings.html>.

Form AOC-2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is set out in Annexure (B) to this Report.

INTERNAL CONTROLS

The Company has in place a well-established and robust internal control systems which are commensurate with the nature of its business, size & scale and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company’s operations, safe keeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company’s operations. The Audit Committee also periodically reviews the adequacy and effectiveness of internal control systems and provides guidance for further strengthening them.

During the year under review, no material observation has been made by the Internal Auditor or Statutory Auditors of the Company in relation to the efficiency and effectiveness of such controls.

Board’s Report (Contd.)

INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has designed and implemented the comprehensive Internal Financial Controls System over financial reporting to ensure that all transactions are authorised, recorded and reported correctly in a timely manner. The Company’s Internal Financial Controls over financial reporting provides reasonable assurance over the integrity and reliability of financial statements of the Company.

The Company has detailed work instructions, Standard Operating Procedures, policies, process and manuals which lays down roles, responsibility and actions required. Functional heads are responsible to ensure compliance with all laws and regulations and also with the policies and procedures laid down by the management.

The Company’s Enterprise Resource Planning (“ERP”) system of SAP S/4HANA is well leveraged and implemented towards day-to-day transaction accounting and financial reporting. The Company’s ERP along with allied information technology solutions provide a strong technology architecture for financial reporting controls. The Company’s investment in advanced automation system to enable automated accounting and financial closing procedures in various area has resulted in better accuracy and faster financial reporting with lesser manual interventions. The financial statement preparation has been automated to ensure end-to-end system driven reporting across the Group reducing scope of manual errors.

The Company’s Shared Services Center has taken ahead the digitalisation journey and delivered the aggressive targets for on-time payment processing with near zero errors. The efforts towards digital processing, touchless processing, use of virtual assistant, on the fly intelligence tool, use of optical character reader technology, mobile applications for employee reimbursements, car hiring, hotel and travel booking has created strong delight to stakeholders with related efficiencies in the process. The Company is continuously experimenting and investing in new technologies to enable smoother and error proof processes.

The Company actively tracks all changes in Accounting Standards, the Act and other related regulations and makes changes to the underlying systems, processes and financial controls to ensure adherence to the same. With increased business complexities, the detailed accounting and financial treatment are decided for dealing with newer products, services, assets, commitments, contracts and arrangements. All resultant changes to the policy and

impact on financials are disclosed, after due validation with the Statutory Auditors, to the Audit Committee.

The Company has refreshed the Risk Assessment and Control Matrix for all processes involved in financial reporting and periodically tested them for design and operating effectiveness. Results of these tests are reported to the Audit Committee.

The Company gets its standalone financial results audited every quarter by its Statutory Auditors. The policies to ensure uniform accounting treatment are prescribed to the subsidiary companies as well. International subsidiaries provide information required for consolidation of accounts in the format prescribed by the Company. The accounts of the subsidiary and joint venture companies are audited and certified by their respective Statutory Auditors for consolidation.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities. The Company has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations.

The Company has engaged an agency for managing the ‘Ethics Hotline’ which can be used to, *inter alia*, report any instances of financial irregularities, breach of code of conduct, abuse of authority, disclosure of financial/ unpublished price sensitive information other than for legitimate purposes, unethical/unfair actions concerning Company vendors/suppliers, malafide manipulation of Company records, discrimination to the Code of Conduct in an anonymous manner.

The Policy also provides adequate protection to those who report unethical practices and irregularities.

All incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

The Whistle Blower Policy aims to:

- a. allow and encourage stakeholders to bring to the management’s notice concerns about unethical behaviour.
- b. ensure timely and consistent organisational response.
- c. build and strengthen a culture of transparency and trust.
- d. provide protection against victimisation.

No person was denied access to the Audit Committee.

During the year under review, the Whistle Blower Policy was amended to formally extend the whistle blower mechanism to all the stakeholders of the Company to enable them to file protected disclosures in the manner ascribed in the Policy.

The Whistle Blower Policy has been appropriately communicated within the Company and is available on the website of the Company at <https://www.asianpaints.com/WBPolicy.html>.

COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws which impact the Company’s business. Automated alerts are sent to compliance owners to ensure compliances within stipulated timelines. The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance of all applicable laws and regulations along with corrective and preventive action, if any, is placed before the Audit Committee and Board of Directors on a quarterly basis.

Additionally, the Company is in the process of implementing a centralised automated tool for regular monitoring, response and maintaining repository of notices received from statutory authorities.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company, *inter alia*, provides that the Nomination and Remuneration Committee shall: (i) formulate the criteria for Board membership, including the appropriate mix of Executive and Non-Executive Directors; (ii) approve and recommend compensation packages and policies for Directors and Senior Management Personnel; (iii) lay down the process for effective manner of performance evaluation of the Board, its Committees and the Directors; and (iv) play the role of Compensation Committee in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and administer the Asian Paints Employee Stock Option Plan 2021.

During the year under review, the Nomination and Remuneration Policy was amended to include the

revised definition of senior management consequent to its amendment under the Listing Regulations. As per the revised definition, all the functional heads of the Company would now also be classified as senior management.

The salient features of the Nomination and Remuneration Policy of the Company alongwith highlights of changes made during the year are outlined in the Corporate Governance Report forming part of this Integrated Annual Report. The Policy is also available on the website of the Company at <https://www.asianpaints.com/NRCPolicy.html>.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The remuneration paid to the Directors, Key Managerial Personnel and senior management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 read with Schedule II of the Listing Regulations. Further details on the same are given in the Corporate Governance Report forming part of this Integrated Annual Report.

Mr. Amit Syngle, Managing Director & CEO of the Company has not received any remuneration or commission from any of the subsidiary companies. Further, the Company doesn’t have any holding company, hence, there does not arise a circumstance of any remuneration or commission from holding company.

The information required under Section 197 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors and employees of the Company is set out in Annexure (C) to this Report.

BOARD EVALUATION

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for effective evaluation of the performance of individual Directors, Committees of the Board and the Board as a whole.

The criteria for the evaluation and the outcomes thereto are set out in the Corporate Governance Report forming part of this Integrated Annual Report.

Board’s Report (Contd.)

ASIAN PAINTS EMPLOYEE STOCK OPTION PLAN 2021 (“2021 PLAN”)

The shareholders of the Company at their 75th AGM held on 29th June, 2021 have authorised the Board to offer, issue and provide stock options to the eligible employees of the Company and its subsidiaries under the 2021 Plan.

The 2021 Plan was introduced to incentivise, retain and attract key talent through this performance-based stock option grant program and consequently enhance shareholder value. The 2021 Plan aims to create a sense of ownership among the eligible employees and to align their medium and long-term compensation with the Company’s performance.

The vesting criteria is primarily based on achievement of annual performance parameters by the eligible employees, number of years of service and such other criteria as may be prescribed by the Nomination and Remuneration Committee from time to time. The exercise price for stock options granted to eligible employees shall be at 50% of the ‘Reference Share Price’ of the Company (as defined under the 2021 Plan).

The certificate from the Secretarial Auditor on the implementation of the 2021 Plan in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) (“SEBI SBEB Regulations”), has been uploaded on the website of the Company at <https://www.asianpaints.com/AnnualReports.html>.

The 2021 Plan is being implemented in accordance with the provisions of the Act and SEBI SBEB Regulations.

The details of the stock options granted under the 2021 Plan and the disclosures in compliance with SEBI SBEB Regulations are set out in Annexure (D) and are available on the website of the Company at <https://www.asianpaints.com/AnnualReports.html>.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

During the financial year 2022-23, the Company has spent ₹ 77.42 crores towards CSR expenditure, including set-off of excess CSR spends of ₹ 0.27 crores made by the Company in previous financial years, in terms of the CSR annual action plan approved by the CSR Committee and the Board of Directors, from time to time. The CSR initiatives of the Company were under the thrust area of health & hygiene, enhancing vocational skills, water conservation and disaster management.

The CSR annual action plan of the Company for the financial year 2022-23 and 2023-24 is available on the website of the Company at <https://www.asianpaints.com/about-us.html>.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy was done in compliance with the CSR objectives and Policy of the Company.

The Company’s CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March, 2023, in accordance with the Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) is set out in Annexure (E) to this Report.

Synopsis of the report of the independent agency for the CSR projects to which impact assessment is applicable in terms of the provisions of Section 135 of the Act and CSR Rules, has been provided as part of the said annual report on CSR.

RISK MANAGEMENT

The Company recognises that risk is an integral and inevitable part of business and is fully committed to manage the risks in a proactive and efficient manner. The Company has a disciplined process for continuously assessing risks, in the internal and external environment along with minimising the impact of risks. The Company incorporates the risk mitigation steps in its strategy and operating plans.

The objective of Risk Management process in the Company is to enable value creation in an uncertain environment, promote good governance, address stakeholder expectations proactively and improve organisational resilience and sustainable growth.

The Company has in place a Risk Management Policy which articulates the approach to address the uncertainties in its endeavour to achieve its stated and implicit objectives. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and to ensure that key strategic and business risks are identified and addressed by the management.

During the year, the Company has also reviewed the Risk Management Framework which lists out the principles and approach to the Risk Management process. The Company regularly identifies uncertainties and after

assessing them, devises short-term and long-term actions to mitigate any risk which could materially impact the Company’s long-term plans. Mitigation plans to significant risks are well integrated with business plans and are reviewed on a regular basis by the senior leadership.

The Company periodically reviews and improves the adequacy and effectiveness of its risk management systems considering rapidly changing business environment and evolving complexities. The Company, through the Risk Management process, aims to contain the risk within the risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company. Further, some of the risks which may pose challenges are set out in the "Managing our risks" section forming part of this Integrated Annual Report.

The Risk Management Policy of the Company is available on the website of the Company at <https://www.asianpaints.com/RMPolicy.html>.

INTEGRATED ANNUAL REPORT

This is the third year of publication of the Integrated Annual Report <IR> for the Company in line with the framework published by the Value Reporting Foundation.

The Global Responsibility Indicators reported in the Integrated Annual Report have been subject to Reasonable/Limited Assurance. The Assurance Report issued by Price Waterhouse Chartered Accountants LLP has been annexed to this Integrated Annual Report. The Board acknowledges its responsibility for the integrity of the Integrated Annual Report and the information contained therein.

The Integrated Annual Report comprises both financial and non-financial information to enable the members to take well informed decisions and have a better understanding of the Company’s long-term perspective and value creation for all the stakeholders. The Integrated Annual Report, this year, includes a disclosure on the Environment, Social and Governance ("ESG") commitments of the Company in addition to the disclosures on value creation based on 6 capitals, viz., financial capital, manufactured capital, intellectual capital, human capital, social & relationship capital, natural capital.

The key initiatives taken by the Company with respect to stakeholder engagement, ESG, Health and Safety of employees has been provided separately under various capital sections of this Integrated Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as stipulated under the Listing Regulations is presented in a separate section forming part of this Integrated Annual Report.

Corporate Governance Report and Business Responsibility and Sustainability Report

In compliance with Regulation 34 of the Listing Regulations, a separate report on the Corporate Governance and the Business Responsibility and Sustainability Report, forms part of this Integrated Annual Report.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2023 in Form MGT-7 in accordance with Section 92(3) read with Section 134(3)(a) of the Act and the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.asianpaints.com/AnnualReports.html>.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“Prevention of Sexual Harassment Act”), the Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace and an Internal Complaints Committee has also been set up to redress any such complaints received.

The Company is committed to providing a safe and conducive work environment to all of its employees and associates. Further, the Policy also gives shelter to contract workers, probationers, temporary employees, trainees, apprentices of the Company and any person visiting the Company at its office.

The Company periodically conducts sessions for employees across the organisation to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

Complaints of sexual harassment received during the financial year 2022-23 by the Company were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them. Further details with respect to the complaints of sexual harassment is provided in the Corporate Governance Report forming part of this Integrated Annual Report.

Board’s Report (Contd.)

The Policy formulated by the Company for prevention of sexual harassment is available on the website of the Company at <https://www.asianpaints.com/POSHPolicy.html>.

REGISTRAR AND SHARE TRANSFER AGENT

TSR Consultants Private Limited is the Registrar and Share Transfer Agent of the Company.

SHARE CAPITAL

During the financial year 2022-23, there was no change in the authorised, issued, subscribed and paid-up share capital of the Company.

Confirmations:

- a. During the year under review, the Company has not:
 - (i) issued any shares, warrants, debentures, bonds, or any other convertible or non-convertible securities.
 - (ii) issued equity shares with differential rights as to dividend, voting or otherwise.
 - (iii) issued any sweat equity shares to its Directors or employees.
 - (iv) made any change in voting rights.
 - (v) reduced its share capital or bought back shares.
 - (vi) changed the capital structure resulting from restructuring.
 - (vii) failed to implement any corporate action.
- b. The Company’s securities were not suspended for trading during the year.
- c. The disclosure pertaining to explanation for any deviation or variation in connection with certain terms of a public issue, rights issue, preferential issue, etc. is not applicable to the Company.

UNCLAIMED DIVIDEND

In terms of applicable provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the IEPF Rules”), during the year under review, unclaimed dividend amounting to ₹ 1.48 crores was transferred by the Company to the Investor Education and Protection Fund (“IEPF”), established by the Government of India.

Further, 2,57,798 shares were transferred to the demat account of the IEPF Authority during the year,

in accordance with the IEPF Rules, as the dividend(s) has not been claimed by the shareholders for 7 (seven) consecutive years or more.

The details of unclaimed dividend lying in the unclaimed dividend accounts of the Company and details of resultant benefits arising out of shares already transferred to IEPF as on 31st March, 2023 is provided in General Shareholder Information section forming part of this Integrated Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

The Competition Commission of India (“Commission”) had passed a *prima facie* Order dated 14th January, 2020 directing the Director General (“DG”) to cause an investigation against the Company, under the provisions of the Section 26(1) of the Competition Act, 2002 (“the Competition Act”). Based on this Order, the DG initiated the investigation against the Company and on 17th December, 2021 had submitted its consolidated Investigation Report to the Commission.

The Hon’ble Commission vide its Order dated 8th September, 2022 has noted that the Company has not contravened any charging sections i.e., Section 4 and Section 3(4) read with Section 3(1) of the Competition Act. The said Order of the Hon’ble Commission has been appealed in National Company Law Appellate Tribunal by the complainants.

LOANS AND INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31st March, 2023, are set out in Note 36(B) to the standalone financial statements of the Company.

DEPOSITS

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors, General Meetings and on voluntary basis the Standard on Report of the Board of Directors.

This Report of the Board of Directors is in compliance with the provisions of the Secretarial Standards – 4 on Report of the Board of Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Act read with the Companies (Accounts) Rules, 2014, is set out in the Annexure (F) to this Report.

AWARDS AND ACCOLADES

The details of some of the significant accolades earned by the Company during the financial year 2022-23 has been provided as part of this Integrated Annual Report.

OTHER DISCLOSURES

- a. No credit rating has been obtained by the Company with respect to its securities. Further, the details of the credit rating obtained by the Company with respect to its long-term and short-term borrowings have been provided separately in the General Shareholder Information section of this Integrated Annual Report

- b. No application has been made under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) (“the IBC, 2016”), hence, the requirement to disclose the details of application made or any proceeding pending under the IBC, 2016 during the year along with their status as at the end of the financial year is not applicable
- c. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable

APPRECIATION

The Board of Directors place on record sincere gratitude and appreciation for all the employees of the Company. Our consistent growth has been possible by their hard work, solidarity, co-operation and dedication during the year.

The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman
(DIN:00009627)

Place: Mumbai
Date: 11th May, 2023

Annexure (A-1) to Board’s Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To:
The Members
Asian Paints Limited
6A, Shantinagar
Santacruz (East)
Mumbai – 400 055.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Asian Paints Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2023 (“Audit Period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2023 according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during the Audit Period); and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period).

- (vi) **I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Water (Prevention and Control of Pollution) Act, 1974 and the Water (Prevention and Control of Pollution) Rules, 1975;
 - (b) The Air (Prevention and Control of Pollution) Act, 1981 and the Air (Prevention and Control of Pollution) Rules, 1982;
 - (c) The Environment Protection Act, 1986 and Rules & Regulations thereunder;
 - (d) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
 - (e) The Legal Metrology Act, 2009 and Rules & Regulations thereunder;
 - (f) The Regulation on Lead contents in Household and Decorative Paints Rules, 2016; and
 - (g) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.

- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
 - (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board meetings and Committee meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events/actions took place having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Dr. K. R. Chandratre
FCS No.: 1370, C. P. No.: 5144

Place: Pune
Date: 11 May 2023
UDIN: F001370E000292463
Peer Review Certificate No.: 1206/2021

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure to the Secretarial Audit Report

To:
The Members
Asian Paints Limited
6A, Shantinagar
Santacruz (East)
Mumbai – 400 055.

My report of even date is to be read along with this letter:

- 1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
- 3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

- 4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
- 6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Dr. K. R. Chandratre
FCS No.: 1370, C. P. No.: 5144

Place: Pune
Date: 11 May 2023
UDIN: F001370E000292463
Peer Review Certificate No.: 1206/2021

Annexure (A-2) to Board’s Report

SECRETARIAL COMPLIANCE REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to regulation 24A(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I have examined:

- (a) all the documents and records made available to us and explanation provided by Asian Paints Limited (“the listed entity”),

(b) the filings/submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/filing, as may be relevant, which has been relied upon to make this certification,
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the listed entity during the Review Period);

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the listed entity during the Review Period);

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

for the year ended **31 March 2023** (“Review Period”) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);
- and clause 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by the Securities and Exchange Board of India on “Resignation of statutory auditors from listed entities and their material subsidiaries”;

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”);

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the listed entity during the Review Period);
- (a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder.

(b) The listed entity has taken the following actions to comply with the observations made in the previous reports:- Not Applicable.

In respect of following matters, the listed entity has complied with as specified below:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
1.	Secretarial Standards The compliances of the listed entity are in accordance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.	Yes	-
2.	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entity; and • All the policies are in conformity with SEBI Regulations and have been reviewed and timely updated, as per the regulations/circulars/guidelines issued by SEBI.	Yes	-
3.	Maintenance and disclosures on Website: • The listed entity is maintaining a functional website; • Timely dissemination of the documents/information under a separate section on the website; and	Yes	-

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
	• Web-links provided in annual corporate governance reports under regulation 27(2) of the SEBI LODR are accurate and specific which re-directs to the relevant document(s)/section of the website.		
4.	Disqualification of Director: None of the Director(s) of the listed entity is disqualified under section 164 of Companies Act, 2013.	Yes	-
5.	To examine details related to subsidiaries of listed entity: a) Identification of material subsidiary companies; and b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes	-
6.	Preservation of documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under the SEBI LODR.	Yes	-
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations.	Yes	-
8.	Related Party Transactions: a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; and b) In case where no prior approval was obtained, the listed entity provided detailed reasons along with confirmation that the transactions were subsequently approved/ratified by the Audit committee.	Yes	-
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III to the SEBI LODR within the time limits prescribed thereunder.	Yes	-
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) and 3(6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	-
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Action has been taken against the listed entity/its promoters/directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/guidelines issued thereunder.	Yes	-
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulations/circulars/ guidance notes, etc.	Yes	-

Dr. K. R. Chandratre
FCS No.: 1370, C. P. No.: 5144

Place: Pune
Date: 11 May 2023

UDIN: F001370E000292485
Peer Review Certificate No.: 1206/2021

Annexure (B) to Board’s Report

FORM AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 (“the Act”) and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Act including certain arm’s length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm’s length basis

There were no contracts or arrangements or transactions entered into by the Company during the year ended 31st March, 2023, which were not at arm’s length basis.

2. Details of material contracts or arrangement or transactions at arm’s length basis

There were no material contracts or arrangements or transactions entered into during the year ended 31st March, 2023.

During the financial year 2022-23, all related party transactions entered into by the Company were in the ordinary course of business and on arm’s length basis and are approved by Audit Committee of the Company.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman
(DIN: 00009627)

Place: Mumbai
Date: 11th May, 2023

Annexure (C) to Board’s Report

STATEMENT OF DISCLOSURE OF REMUNERATION

[Pursuant to Section 197 of the Companies Act, 2013 (“the Act”) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. Remuneration details of Directors and Key Managerial Personnel of the Company for the financial year 2022-23 is as follows:

Sr. No.	Name	Designation	Remuneration (In ₹)	Ratio to median Remuneration ^a	Percentage Increase/ Decrease in the Remuneration
1.	Deepak Satwalekar	Independent Director & Chairman	62,20,000	5.22	8.74
2.	Manish Choksi	Non-Executive Director & Vice-Chairman	63,20,000	5.31	15.12
3.	Ashwin Dani	Non-Executive Director	57,35,000	4.82	8.51
4.	Amit Syngle*	Managing Director & CEO	18,40,33,160	154.53	33.83
5.	Malav Dani	Non-Executive Director	56,80,000	4.77	14.75
6.	Amrita Vakil	Non-Executive Director	54,80,000	4.60	20.44
7.	Jigish Choksi	Non-Executive Director	52,80,000	4.43	19.19
8.	Nehal Vakil	Non-Executive Director	51,60,000	4.33	@
9.	Vibha Paul Rishi	Independent Director	63,20,000	5.31	32.49
10.	R Seshasayee	Independent Director	65,60,000	5.51	13.49
11.	Suresh Narayanan	Independent Director	61,80,000	5.19	13.81
12.	Pallavi Shroff	Independent Director	55,20,000	4.64	24.04
13.	Milind Sarwate	Independent Director	62,80,000	5.27	@
14.	R J Jeyamurugan**	CFO & Company Secretary	3,69,25,647	31.01	20.74

Notes:

- The aforesaid details are calculated on the basis of remuneration for the financial year 2022-23 and include sitting fees paid to Directors during the financial year.
- The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
- @ Percentage increase/decrease in remuneration is not reported as they were holding Directorship for the part of the financial year 2021-22.
- * The remuneration paid to Mr. Amit Syngle, Managing Director & CEO, excludes performance-based incentive of ₹ 90,00,000 paid for the financial year 2019-20. It also excludes ₹ 5,48,00,000 worth of stock options granted in accordance with the Asian Paints Employee Stock Option Plan (“2021 Plan”) for the financial year 2022-23. The stock options would vest on fulfilment of vesting conditions in accordance with the 2021 Plan. Taxable value of perquisite for car allowance has been considered in the aforesaid computation.
- ** The remuneration paid to Mr. R J Jeyamurugan, CFO & Company Secretary, excludes performance-based incentive of ₹ 16,02,740 paid for the financial year 2019-20. It also excludes ₹ 61,00,000 worth of stock options granted in accordance with the 2021 Plan for the financial year 2022-23. The stock options would vest on fulfilment of vesting conditions in accordance with the 2021 Plan.
- ^a The median remuneration of all employees per annum was ₹ 11,90,904 and ₹ 10,65,497 for the financial year 2022-23 and 2021-22, respectively. The increase in median remuneration of employees for the financial year 2022-23, as compared to financial year 2021-22 is 11.77%.
- The increase in average salary of employees (other than Key Managerial Personnel) for the financial year 2022-23, as compared to financial year 2021-22 is 17.95% (including performance-based incentive) for those employees who are present throughout last & current financial year.
- The increase in remuneration of employees other than the Key Managerial Personnel is in line with the increase in remuneration of Key Managerial Personnel.

Annexure (C) to Board’s Report (Contd.)

B. Number of permanent employees on rolls of the Company as on 31st March, 2023:

	No. of employees
Executive/Manager cadre	1,394
Staff	4,992
Operators/Workmen	1,670
Total	8,056

- C. It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Nomination and Remuneration Policy of the Company.
- D. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forming part of this Report is open for inspection by the members through electronic mode. Any member interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman
(DIN: 00009627)

Place: Mumbai
Date : 11th May, 2023

Annexure (D) to Board’s Report

DISCLOSURE IN RELATION TO ASIAN PAINTS EMPLOYEE STOCK OPTION PLAN 2021

[Pursuant to Regulation 14 read with Part F of Schedule I of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB Regulations”) and Section 62(1)(b) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014]

All the relevant details of the Company’s Employee Stock Option Plan are provided below and are also available on website of the Company at <https://www.asianpaints.com/AnnualReports.html>.

- (A) Relevant disclosures in terms of the Accounting Standards prescribed by the Central Government and Section 133 of the Companies Act, 2013 including the ‘Guidance note on accounting for employee share-based payments’ issued in that regard from time to time:**

Refer Note No. 35(3) forming part of the standalone financial statements and Note No. 34(3) of the consolidated financial statements for the financial year 2022-23. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 102 – Share Based Payment.
- (B) Diluted EPS on issue of shares pursuant to all the schemes covered under the Regulations shall be disclosed in accordance with ‘Indian Accounting Standard 33 - Earnings Per Share’ issued by the Central Government or any other relevant Accounting Standards as issued from time to time:**

Refer Note No. 32 forming part of the standalone financial statements and Note No. 32 of the consolidated financial statements for the financial year 2022-23. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 33 – Earnings per share.

(C) Details related to Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”):

Sr. No.	Particulars	Details of 2021 Plan
(i)	General terms and conditions of 2021 Plan:	
(a)	Date of shareholders’ approval	29 th June, 2021
(b)	Total number of options approved	25,00,000 stock options will be granted over 10 (ten) years period of the 2021 Plan.
(c)	Vesting requirements	<p>The vesting period shall be decided by the Nomination and Remuneration Committee (“the Committee”) from time to time in accordance with the 2021 Plan, however, the minimum vesting period shall not be less than 12 months from the date of grant of the stock options (or such other period as required under the SEBI SBEB Regulations as in effect from time to time) and the maximum vesting period shall not be more than 48 months from the date of grant of the stock options. Vesting may happen in one or more tranches.</p> <p>The vesting will be in accordance with the 2021 Plan and SEBI SBEB Regulations as in effect from time to time.</p>
(d)	Exercise price or pricing formula	<p>The exercise price for any stock options granted to eligible employee shall be 50% to the “Reference Share Price” of the shares of the Company (rounded off to the next whole number, if not a whole number).</p> <p>“Reference Share Price” means the average of the daily high and low of the volume weighted average prices of the shares quoted on a recognised stock exchange during the 22 trading days preceding the day on which the grant is made.</p>
(e)	Maximum term of options granted	The maximum vesting period shall not be more than 48 months from the date of grant of the stock options.

Annexure (D) to Board’s Report (Contd.)

Sr. No.	Particulars	Details of 2021 Plan
(f)	Source of shares (primary, secondary or combination)	<p>The 2021 Plan envisages a combination of fresh issue of shares and secondary (market) purchase of shares of the Company (through Asian Paints Employee Stock Ownership Trust [“ESOP Trust”] to the extent of the secondary market purchase) subject to the regulatory approvals. The Administrator (being the Nomination and Remuneration Committee) has the sole discretion to determine the break-up between primary issuance and secondary acquisition – to the extent that there may be only primary issuance (and no secondary acquisition) or only secondary acquisition (and no primary issuance) during the tenure of the 2021 Plan.</p> <p>For grants during the financial year 2022-23, the ESOP Trust has acquired shares of the Company from the market under the secondary acquisition route.</p>
(g)	Variation in terms of options	No variation/modification/amendment was made in the terms of options during the financial year 2022-23.
(ii)	Method used to account for stock options	Fair Value Method
(iii)	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company	Not Applicable
(iv)	Option movement during the year:	
	Number of options outstanding at the beginning of the period	2,26,083
	Number of options granted during the year	1,48,407
	Number of options forfeited/lapsed during the year	36,533
	Number of options vested during the year	13,098
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	Money realised by exercise of options (₹), if scheme is implemented directly by the Company	Not Applicable
	Loan repaid by the Trust during the year from exercise price received	Nil
	Number of options outstanding at the end of the year	3,37,957
	Number of options exercisable at the end of the year	13,098

Sr. No.	Particulars	Details of 2021 Plan
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Refer Annexure 1
(vi)	Employee wise details of options granted during FY 2022-23 to:	
(a)	Senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Refer Annexure 2
(b)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Refer Annexure 2
(c)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
(vii)	Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	
(a)	Weighted-average values of share price	Refer Annexure 1
	Exercise price	
	Expected volatility	
	Expected option life	
	Expected dividends	
	Risk-free interest rate	
	Any other inputs to the model	
(b)	The method used and the assumptions made to incorporate the effects of expected early exercise	The fair value of options has been calculated by using Black Scholes Model
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility?	Refer Annexure 1
(d)	Whether and how any other features of the option granted were incorporated into the measurement of fair value, such as a market condition?	Not Applicable
(viii)	Disclosures in respect of grants made in three years prior to IPO under each ESOS	Not Applicable

Annexure (D) to Board’s Report (Contd.)

(D) Details related to the Trust:

Given below are the details, *inter alia*, in connection with transactions made by the Trust meant for the purpose of administering the 2021 Plan under the SEBI SBEB Regulations:

(i) General information on 2021 Plan:

Sr. No.	Particulars	Details
(a)	Name of the Trust	Asian Paints Employee Stock Ownership Trust
(b)	Details of the Trustee(s)	1) Barclays Wealth Trustees (India) Private Limited – Designated Trustee 2) Parag Rane – Other Trustee 3) Savitha Shivsankar – Other Trustee
(c)	Amount of loan disbursed by the Company/any company in the Group, during the year	₹ 36 crores
(d)	Amount of loan outstanding (repayable to the Company/ any company in the Group) as at the end of the year	₹ 111 crores
(e)	Amount of loan, if any, taken from any other source for which Company/any company in the Group has provided any security or guarantee	Nil
(f)	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in shares by the Trust:

Sr. No.	Particulars	Details
(a)	Number of shares held at the beginning of the year (1 st April, 2022)	2,23,240
(b)	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid-up equity capital as at the end of the previous financial year, along with information on weighted-average cost of acquisition per share	Number of shares acquired: 1,34,419 equity shares through secondary acquisition Percentage of paid-up share capital: 0.01% Weighted-average cost of acquisition per share: ₹ 2,670.29
(c)	Number of shares transferred to the employees/sold along with the purpose thereof	Nil
(d)	Number of shares held at the end of the year (31 st March, 2023)	3,57,659

(iii) In case of secondary acquisition of shares by the Trust:

Sr. No.	Shares	In number	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders’ approval was obtained
(a)	Held at the beginning of the year	2,23,240	0.02%
(b)	Acquired during the year	1,34,419	0.01%
(c)	Sold during the year	Nil	Nil
(d)	Transferred to the employees during the year	Nil	Nil
(e)	Held at the end of the year	3,57,659	0.04%

Note: There was no change in the 2021 Plan since its implementation and the 2021 Plan is in compliance with the SEBI SBEB Regulations.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman
(DIN: 00009627)

Place: Mumbai
Date : 11th May, 2023

Annexure 1

a) Details of stock options granted:

Particulars	Grant 1	Grant 2 [#]	Grant 3 [#]	Grant 4 [^]	Grant 5 [^]	Grant 6 [^]	Grant 7 [^]
Financial Year	2020-21	2021-22	2021-22	2022-23	2022-23	2022-23	2022-23
Grant Date	16 th August, 2021	16 th August, 2021	10 th February, 2022	6 th June, 2022	8 th September, 2022	19 th January, 2023	31 st March, 2023
Vesting Date	31 st March, 2024	31 st March, 2025	31 st March, 2025	31 st March, 2026	31 st March, 2026	31 st March, 2026	31 st March, 2026
Fair Value at Grant Date (₹)	1,685.13	1,752.87	1,884.83	1,768.00	2,098.00	1,769.00	1,649.00
Exercise Price (₹)*	1,518.70	1,518.70	1,632.53	1,478.00	1,706.00	1,505.00	1,412.00
Options outstanding at the beginning of the year	1,08,354	1,13,304	4,425	-	-	-	-
Options granted during the year	-	4,854	-	1,34,943	6,312	1,174	1,124
Options exercised during the year	-	-	-	-	-	-	-
Options forfeited during the year	-	-	-	-	-	-	-
Options lapsed during the year	10,822	12,430	684	12,597	-	-	-
Balance as at year end	97,532	1,05,728	3,741	1,22,346	6,312	1,174	1,124
Exercisable at period end	-	-	-	-	-	-	-
Weighted-average remaining contractual life (years)	2	3	3	4	4	4	4

[#] Grants have been revised basis performance for the financial year 2021-22, in financial year 2022-23 as per the 2021 Plan.
[^] Provisional grant for the financial year 2022-23. Basis satisfaction of performance condition of vesting, number of stock options to be granted will be revised.
^{*} Represents weighted average exercise price for respective option series towards all the movements including opening and closing outstanding options.

b) Fair Value of stock options granted:

Fair Value of stock options was calculated using the Black Scholes Model. The key assumptions used for calculating the option fair value are as follows:

Grant date	Risk free interest rate	Expected option life	Expected volatility	Expected dividend	Market price at the time of grant of the option (₹)	Exercise price
Assumptions	Zero Coupon Sovereign Bond Interest Rate equivalent for option life	Tenure to vesting of option and half of exercise period assuming even exercise of shares during exercise period	Based on daily volatility for period equivalent for option life	Dividend yield is calculated as dividend paid in last FY divided by current share price		50% of Reference Share Price
Grant 1 16 th August, 2021	5.07%	3.12 years	34.67%	0.60%	2,987.55	1,518.70
Grant 2 16 th August, 2021	5.50%	4.12 years	32.17%	0.60%	2,987.55	1,518.70
Grant 3 10 th February, 2022	5.57%	3.63 years	33.93%	0.55%	3,228.35	1,632.53
Grant 4 6 th June, 2022	7.17%	4.32 years	33.76%	0.66%	2,886.90	1,478.00
Grant 5 8 th September, 2022	7.08%	4.06 years	34.71%	0.56%	3,400.35	1,706.00
Grant 6 19 th January, 2023	7.22%	3.69 years	34.75%	0.65%	2,945.25	1,505.00
Grant 7 31 st March, 2023	7.28%	3.50 years	34.59%	0.69%	2,770.50	1,412.00

Annexure (D) to Board’s Report (Contd.)

Annexure 2

Details of stock options granted during the year to senior managerial personnel as on 31st March, 2023 and details of employee to whom stock options more than 5% was granted during the year:

Sr. No.	Name of employee(s)	Designation	Grant 1	Grant 2*	Grant 3*	Grant 4#	Grant 5#§	Grant 7#§
1.	Amit Syngle®	Managing Director & CEO	14,660	20,470	-	20,292^	-	-
2.	Aashish Kshetry	Vice President – Systems	1,790	1,720	-	2,594	-	-
3.	Alok Agrawal	General Manager – Internal Audit & Risk	720	920	-	827	-	42
4.	Amit Kumar Singh	Associate Vice President – Corporate Affairs & CSR	1,670	2,060	-	1,942	-	-
5.	Amit Rajde	Associate Vice President – Project Sales	1,310	1,720	91	1,942	-	-
6.	Ashish Rae	Associate Vice President – Home Improvement	1,310	2,060	-	1,942	-	-
7.	Gagandeep Kalsi	Associate Vice President – Strategy, Business Development	1,310	1,720	-	1,028	558	-
8.	Harish Lade	Vice President – Supply Chain	2,850	2,740	-	2,594	-	-
9.	Hiral Kumar Raja	Associate Vice President – Accounts, SSC & Taxation	840	920	28	1,942	-	-
10.	Joseph Eapen	Associate Vice President – Asian Paints International Private Limited, wholly owned subsidiary company	1,310	800	37	1,942	-	-
11.	Pragyan Kumar	Chief Executive – Asian Paints International Private Limited, wholly owned subsidiary company	2,850	2,740	59	3,329	-	-
12.	Rahul Bhatnagar	President – Project Sales, R&T, Industrial JVs	3,920	1,720	136	5,083	-	-
13.	Rajeev Kumar Goel	Senior Vice President – Technology	2,850	1,720	-	2,594	-	-
14.	R J Jeyamurugan	CFO & Company Secretary	2,850	2,740	-	2,594	-	-
15.	Sameer Salvi	Vice President – Backward Integration Business, Mantech & Strategy	2,140	1,260	-	1,942	-	-
16.	Savitha Shivsankar	Chief Human Resources Officer	-	-	543	3,329	-	-
17.	Shyam Swamy	Vice President – Home Improvement, Decor, Services & Retailing	1,724	2,860	-	1,942	-	-
18.	Vishu Goel	Associate Vice President – Retail Sales, Commercial & Marketing	840	1,260	-	1,028	558	-

* Grants have been revised basis performance for the financial year 2021-22, in financial year 2022-23 as per the 2021 Plan.

This is a provisional grant for the financial year 2022-23 and basis satisfaction of performance condition of vesting, number of stock options to be granted will be revised.

§ Additional grants issued on account of promotions and appointments made during the financial year 2022-23, in accordance with the 2021 Plan.

® Stock options granted was more than 5% of the stock options granted during the year.

^ Indicates provisional grant of stock options. The actual number of stock options as determined by the Nomination and Remuneration Committee will be considered post adoption of the financial statements for the financial year 2022-23 by the shareholders at the ensuing Annual General Meeting of the Company.

Notes:

1. The exercise price of Grants 1 & 2 is ₹ 1,518.70, Grant 3 is ₹ 1,632.53, Grant 4 is ₹ 1,478.00, Grant 5 is ₹ 1,706.00 and Grant 7 is ₹ 1,412.00 per stock option. The exercise price of stock options granted to eligible employees is at 50% of the "Reference Share Price" of the Company, as defined under the 2021 Plan.

2. No stock options were granted under Grant 6 to the senior managerial personnel.

Annexure (E) to Board’s Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline of CSR Policy

Harmonious relationships and responsible growth have been our guiding principles for over 80 years of existence of the Company.

Standing true to the Company’s Charter value of bringing joy to people’s lives, the Company’s CSR vision is based on embedded tenets of trust, fairness and care to maximise efforts in this regard.

The Company recognises the vital role played by local communities in its growth and believes in contributing to their well-being. The Company’s CSR activities enrich and empower marginalised communities, addressing critical social, economic, and environmental challenges. Through our initiatives, we aim to enable communities to grow and create value.

The Company’s CSR philosophy is based on the keystones of:

- a. actively initiating and participating in projects that together makes it the local lighthouse for the region which significantly improves the lives of the people where it operates and is present
- b. providing vocational training and impart skilling to enhance the livelihood and skills of people who are primarily from the unorganised sector
- c. commitment to create social and economic value as a corporate citizen and encourage employees to participate and contribute to our various CSR programmes
- d. managing Company’s operations using principles of sustainable development to minimise resource footprint and protect health & safety of all the stakeholders.

As a reflection of our commitment, the Company has adopted Environmental, Social and Governance ("ESG") goals, *inter alia*, relating to;

- a. skilling at Colour Academies
- b. health & hygiene beneficiaries
- c. water stewardship & neutrality which will serve as a road map to navigate forward.

The CSR Committee has identified the following thrust areas around which the Company shall be focusing its CSR initiatives and channelising the resources on sustained basis:

a. Health & Hygiene

Community Health & Hygiene is one of the key focus area for the CSR activities of the Company.

The health & hygiene initiatives are based on the need to provide basic access to primary healthcare services and preventive healthcare practices to the communities in and around the local area where the Company operates.

Under the health & hygiene programme, the Company is, *inter alia*, running the following projects:

- i. Static clinics
The commitment to improve community health has led the set up of 5 static clinics near the manufacturing locations (Mysuru, Patancheru, Kasna, Khandala and Visakhapatnam) of the Company, in association with Piramal Swasthya. The static clinics provide diagnosis and basic health treatments to ensure everyone has the opportunity to lead a healthy life.
- ii. Mobile Medical Units (MMUs)
The MMUs spread across 8 locations provide consultations, free medicines, basic diagnostics, referrals to government hospitals, among others. MMUs have increased accessibility to basic healthcare in remote rural areas, while also raising awareness among villagers and locals about basic health & hygiene practices.

iii. Safar

Safar, one of the high priority healthcare initiative, is directed towards improving health awareness and medical care facilities among truck drivers. Safar promotes healthy trucker lifestyles with free consultations for health issues and awareness programs on hygiene and sexually transmitted diseases.

Annexure (E) to Board’s Report (Contd.)

iv. Nutrition projects

The primary objective of the nutrition project is to take a proactive approach towards enhancing the health status of the pregnant and lactating women, adolescent girls aged 12-19 years, and children aged 0-6 months in selected villages by mitigating anaemia and malnutrition.

Asian Paints Colour Academy offers the best training facilities to both new and experienced paint applicators.

The Company also continues to provide trainings on financial literacy to help the participants understand the art of budgeting, managing contingencies, applicable insurance schemes, government schemes, etc.

b. Disaster Management

Under the thrust area of disaster management, the Company contributes towards relief, rehabilitation and reconstruction activities. As a responsible Company, we focus towards mitigating the effects of the crisis created by natural disasters, pandemic or likewise. The Company has partnered with the Government on various instances to provide support and aid, and have also worked with different partners for distribution of essentials among communities during the time of crisis.

c. Enhancing Vocational Skills

Skill building is a powerful tool to empower individuals and drive financial growth and community development of youth of the country. The Company’s aim with this endeavour is to invest in inclusive growth with belief that everyone should be given a fair chance at a dignified life. Our training programme(s) cover a multitude of subjects, such as painting, designer finishes, emulsions, metal care, mechanisation, waterproofing, wood finishes, wallpaper installation, plumbing, carpenter training, sanitisation course, etc.

d. Water Conservation

The Company has drafted a water vision for itself with an intention to make communities around its manufacturing locations, water secure.

The initiatives undertaken in this area, *inter alia*, include:

- i. creating capacities in conserving water through significant investments in partnership with relevant stakeholders, with the objective of water conservation
- ii. educating farmers in looking at various government schemes with the objective of water management
- iii. undertaking water replenishment projects in the communities surrounding Company’s factories.

To know more about our initiatives in the CSR section, please refer the detailed discussions under the Social and Relationship Capital section of this Integrated Annual Report.

2. Composition of CSR Committee

Sr. No.	Name of Member(s)	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Malav Dani, Chairman	Non-Executive Director	4	4
ii.	Deepak Satwalekar	Independent Director	4	4
iii.	Amrita Vakil	Non-Executive Director	4	4
iv.	Vibha Paul Rishi	Independent Director	4	4
v.	Amit Syngle	Managing Director & CEO	4	4

Mr. R J Jeyamurugan is the Secretary to the CSR Committee.

3. Web-link(s) where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Sr. No.	Particulars	Web-link(s)
i.	Composition of CSR Committee	https://www.asianpaints.com/GovernanceStructure.html
ii.	CSR Policy	https://www.asianpaints.com/CSRPolicy.html
iii.	CSR Projects	https://www.asianpaints.com/CSRProjects2022-23.html

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014

The Company had appointed independent agencies to undertake impact assessment for eligible CSR activities undertaken during the financial year 2021-22.

Below is the executive summary of the impact assessment of CSR projects carried out in pursuance of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 by the independent agencies. The detailed impact assessment report(s) can be accessed on the website of the Company at <https://www.asianpaints.com/about-us.html>.

Particulars	Enhancing Vocational Skills (Colour Academy)	Health & Hygiene (Helpage MMU Multiyear Project)	Enhancing Vocational Skills and Disaster Management – Covid relief (Vidya Foundation)
Name of independent agency conducting Impact Assessment	Sattva Consulting Private Limited	SoulAce Consulting Private Limited	Ernst & Young LLP
Scope of Project	<ul style="list-style-type: none">To provide vocational and skills-based trainings to painters, applicators, carpenters and workers.To enhance the employability and improve the livelihoods of the persons attending the training sessions.	<ul style="list-style-type: none">To operate Mobile Medical Units (MMUs) and Static Health Clinics (SHCs).MMUs provide primary healthcare services for common diseases.SHCs provide treatment including diagnostics and distribution of medicines.	<p>Skill Development:</p> <p>Aimed at skill development of youth by providing a platform for employment opportunities.</p> <p>Strengthening healthcare:</p> <p>Covid relief programme.</p>
Key highlights of impact created	<p>Impact on trainees i.e. painters, applicators, carpenters and workers:</p> <ul style="list-style-type: none">Intrapersonal impact: increase in knowledge/skills and improved decision making.Interpersonal impact: improvement in confidence during client interactions.Professional impact: learning of skills which has demand in market, expansion of professional circle, improved work quality and willingness to learn new skills.Economic impact: increase in number of assignments taken up, increase in monthly income and savings.	<ul style="list-style-type: none">Easy access to health services at the doorstep of the beneficiaries and has become a preferred facility.MMU doctors are preferred for both communicable and life threatening diseases by the patients.Change in level of awareness about preventive healthcare practices for common diseases.Increase in average savings per family.	<p>Impact through Skill Development:</p> <ul style="list-style-type: none">Professional impact: increase in job opportunities.Economic impact: increase in monthly income due to new job/better role/designation/new business.Social impact: confidence in abilities, sense of pride, family recognition, service to community, community recognition, teaching of other skills. <p>Impact through strengthening of healthcare:</p> <ul style="list-style-type: none">Increase in confidence of frontline workers due to timely supply of masks, PPE kits, sanitizers, oxygen cylinder, etc.

Annexure (E) to Board’s Report (Contd.)

Particulars	Enhancing Vocational Skills (Colour Academy)	Health & Hygiene (Helpage MMU Multiyear Project)	Enhancing Vocational Skills and Disaster Management – Covid relief (Vidya Foundation)
			<ul style="list-style-type: none">Timely supply of masks, PPE kits, sanitizers, oxygen cylinder, etc. helped in alleviating sense of panic amongst masses.The oxygen concentrators became handy for pulmonary disease patients across the district.
Recommendation	<p>Mobilization and awareness:</p> <p>Promote the courses offered on social medial platforms.</p> <p>Trainer:</p> <ul style="list-style-type: none">Site visit/support to be initiated for guiding the trainees when they execute their learnings for the first time and as and when required.Trainers should be certified by Asian Paints or a recognised training institution, which will enable trainers to further build their credibility while training painters/contractors. <p>New courses:</p> <p>To introduce a course on basic entrepreneurship skills, targeted towards painters who are new to the profession.</p>	<ul style="list-style-type: none">To strengthen monitoring and evaluation processes.To introduce pathology lab services for basic diagnostic.To have women doctors/ gynaecologist to address menstrual hygiene issues.To have special screening and awareness camps for diseases like osteoarthritis, diabetes, hypertension and cardiovascular.To strengthen referral services, there is need for better convergence with Government Health Facilities like District Hospitals.Community volunteers can be developed for better outreach.Better coordination with Asha Workers/Auxiliary Nurse Midwife (“ANM”) emerged as an area to be developed as they are last mile health workers.	<p>Skill Development:</p> <ul style="list-style-type: none">Mix of online and offline delivery for certain programmes.Provision of certification in collaboration with Skill Development Department/ Organisation.Using digital means to circulate training materials in regional languages.Providing more specialised/ advanced/refresher courses.Periodic re-engagement with participants for similar assessment or trainer identification. <p>Strengthening Healthcare:</p> <ul style="list-style-type: none">Systematic co-ordination for ascertaining needs of the community and stakeholders.Developing mechanism for tracking contribution through initiatives.Creating a long-term engagement model to ensure issues such as post-procurement maintenance and servicing could be addressed.

5.

Sr. No.	Particulars	Amount (₹ in crores)
i.	Average net profit of the Company as per Section 135(5) of the Act	3,860.15
ii.	Two percent of average net profit of the Company as per Section 135(5) of the Act	77.20
iii.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
iv.	Amount required to be set-off for the financial year, if any	0.27
v.	Total CSR obligation for the financial year (5(ii)+5(iii)-5(iv))	76.93

6.

Sr. No.	Particulars	Amount (₹ in crores)
i.	Amount spent on CSR Projects (both ongoing project and other than ongoing project)	73.08*
ii.	Amount spent on Administrative Overheads	3.86
iii.	Amount spent on Impact Assessment	0.48
iv.	Total amount spent for the financial year (6(i)+6(ii)+6(iii))	77.42*

*The amount spent on CSR activities for the financial year includes the set-off of excess amount spent by the Company on CSR activities in the previous financial years of ₹ 0.27 crores.

(e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (₹ in Crores)	Amount Unspent (₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount (₹)	Date of transfer	Name of the Fund	Amount (₹)	Date of transfer
77.42*	-	-	-	-	-

*The amount spent for the financial year includes the set-off of excess amount spent by the Company on CSR activities in the previous financial years of ₹ 0.27 crores.

(f) Excess amount for set-off:

Sr. No.	Particulars	Amount (₹ in Crores)
i.	Two percent of average net profit of the Company as per Section 135(5) of the Act	77.20
ii.	Total amount spent for the financial year	77.42*
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.22
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.22

*The amount spent on CSR activities for the financial year 2022-23 includes the set-off of excess amount spent by the Company on CSR activities in the previous financial years of ₹ 0.27 crores.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135(6) of the Act (₹ in Crores)	Balance Amount in Unspent CSR Account under Section 135(6) of the Act as on 1 st April, 2022 (₹ in Crores)	Amount spent in the reporting financial year (₹ in Crores)	Amount transferred to any fund specified under Schedule VII as per Section 135(5) of the Act, if any		Amount remaining as on 31 st March, 2023 to be spent in succeeding financial years (₹ in Crores)	Deficiency, if any
					Amount (₹ in Crores)	Date of transfer		
i.	2020-21	14.78	9.06	8.18	-	-	0.88	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: No

9. Specify the reason(s), if the Company has failed to spend 2 (two) per cent of the average net profit as per section 135(5) of the Act : Not applicable.

For and on behalf of the CSR Committee

Malav Dani
Chairman of CSR Committee
(DIN: 01184336)

Amit Syngle
Managing Director & CEO
(DIN: 07232566)

Place: Mumbai
Date: 11th May, 2023

Annexure (F) to Board’s Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

1. CONSERVATION OF ENERGY

Energy management is one of the key strategic areas in our pursuit of sustainability in our operations. Energy consumption is not only the main source of emissions but also has a direct implication on the cost of operations. The energy management strategy of the Company involves the following:

- a. Increasing energy efficiency: This primarily involves reducing the quantity of energy used in our operations by process optimisation, using energy efficient technology, and conserving/ recovering energy through activities like recovering waste heat among others.
- b. Increasing the share of renewable energy: We have been making sustained efforts toward transitioning to renewable energy over the last decade through investments in solar and wind projects.

Some of the key measures taken by all the manufacturing units are as below:

i. Energy conservation measures taken

The efforts of the Company in energy management have resulted in a gradual decline in our total energy consumption over the years, as well as increased the percentage of renewable energy consumption.

Energy management and energy intensity are key metrics for the performance measurement across teams at the site level as well as at the leadership level. A periodic energy audit mechanism is in place and progress against CAPA is monitored.

One of the key metrics that we have been monitoring and concentrating on is Specific Electricity Consumption at our decorative paint plants.

ii. Utilising alternate sources of energy

The Company has an installed capacity of 24.6 MW of solar energy and 24.3 MW capacity of wind energy. The overall contribution of renewables to electricity consumption stands at 62.2% compared to 61.1 % last year.

iii. Capital investment on energy conservation equipment

The Company has spent about ₹ 78 lakhs (Rupees seventy-eight lakhs only) as capital investment on energy conservation initiatives during the financial year apart from the investment in renewable energy resources of solar and wind.

For details on steps taken by the Company on conservation of energy, waste management, and water conservation & replenishment, please refer to the Natural capital section and the Business Responsibility and Sustainability Report of this Integrated Annual Report.

2. TECHNOLOGY ABSORPTION

i. Efforts made by the Company towards technology absorption:

The Research & Technology (“R&T”) function of the Company continues to take rapid strides in developing technical capabilities, technology platforms and innovative products that cater to the aspirations of all the stakeholders. As part of project Nexpedition, the Company has been able to successfully undertake several projects resulting in features and products enhancing the aesthetics and durability of substrates used for paint manufacturing. The new capabilities developed as part of these projects, will nurture innovation in the areas of waterproofing, construction chemicals, decorative paints and industrial coatings.

The Company is committed to responsible and sustainable product stewardship, which involves managing the environmental impacts of our products throughout their entire lifecycle.

Led by our Research & Technology team, the Company continuously reviews and improves the our product stewardship practices, and works with our stakeholders to identify and address emerging issues and trends. The focus is on product offerings that meet global sustainability standards, and minimise the overall environmental footprint and toxicity impact, providing higher value and durability for the consumer.

Some of the key initiatives taken up by R&T function are as follows:

- Developed new technology platforms that would continue to give competitive edge to the organisation in the coming years.
- Designed and developed differentiated products fueling customer aspirations.
- Ensured value efficiency by developing economical raw material alternates and optimising formulations. Reduced vulnerability by developing formulations on alternate raw materials.
- Increased rigour in ensuring quality of products by developing elaborate test protocols for raw material and finished goods. Dedicated resources to capture the usage practices in market and incorporated these inputs in design development.
- Undertook product benchmarking exercises to retain the technical edge of products.
- Contributed to plant productivity by reducing cycle times required for manufacturing coatings and intermediates. This has also helped the Company’s agenda of reducing energy consumption.
- Took rapid strides in process engineering and design development of upstream intermediates. This has propelled the Company’s backward integration initiative.
- Developed capabilities in physical characterisation and analytical research for test method development, elucidation of structure property relationship and root cause analysis. The benefits of these capabilities have also been harnessed by the new businesses of the organisation. The R&T Center continued to be accredited by National Accreditation Board for Testing and Calibration Laboratories.
- Established product credentials through international certification.

- Rendered support to national standardization bodies like Bureau of Indian Standards (“BIS”) to establish test methods related to coatings and intermediates.
- Championed the product stewardship agenda as part of Environment, Social and Governance (“ESG”). R&T function has worked on initiatives to increase the use of renewable and benign raw materials. 16 additional products have received GreenPro certification as an outcome of the efforts in this area.
- Collaborated with educational institutions, Council of Scientific and Industrial Research (“CSIR”) labs and industrial consultants to work on specific projects of strategic importance.
- Honed technical competency of R&T employees by deploying specific training programs through the internal training academy – Sikshalaya.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

During the year under review:

- a. 22 (twenty-two) new products were developed for architectural paints, construction chemicals and adhesives business
- b. 27 (twenty-seven) new products were developed for Industrial business during financial year 2022-23.

The details of the new products developed are included in the Manufactured and Natural capital section of this Integrated Annual Report.

The Company has also undertaken various challenging projects for development of different product categories namely interior & exterior, waterproofing, premium exterior topcoat, cement putty, glossy water based woodfinish & premium all-weather wood adhesive.

Annexure (F) to Board’s Report (Contd.)

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

iv. Expenditure incurred on Research and Development:

(₹ in Crores)		
Particulars	2022-23	2021-22
Capital	2.63	1.95
Recurring	105.41	90.59
Total	108.04	92.54

3. FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ in Crores)

Particulars	2022-23*	2021-22*
Foreign exchange earned in terms of actual inflows	189.26	185.03
Foreign exchange outgo in terms of actual outflows	4,424.41	4,156.76

*amount(s) are equivalent to value of various currencies.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman
(DIN: 00009627)

Place: Mumbai
Date: 11th May, 2023

Report on Corporate Governance

ASIAN PAINTS’ PHILOSOPHY ON CORPORATE GOVERNANCE

Guided by our values and long-standing commitment to sustainability, Asian Paints’ is committed to promoting sustainable and responsible growth. Our governance framework is built on the sound governance systems and processes which empower co-creation and partnerships with an unwavering focus on sustainability, transparency and safety, thereby making it a truly responsible enterprise.

Asian Paints’ has been an early proponent of embracing the Environment, Social and Governance (“ESG”) factors into what it does. From publishing our first Sustainability report in financial year 2014-15, we have always endeavoured to provide enhanced disclosures. Our ESG commitments are the central foundation of how we create value for all our stakeholders.

At Asian Paints’, we aspire to be amongst the best governed companies by building a resilient and responsible organisation.

Asian Paints’ not only adheres to the prescribed Corporate Governance practices as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) but is also committed to sound Corporate Governance principles and practices.

In recognition of our governance standards, the Company was conferred with several recognitions over the last years. The Company has been recognised in ‘Leadership’ category with a rating of AA by Morgan Stanley Capital International. The Company has also been conferred upon the ‘Golden Peacock Award for Excellence in Corporate Governance – 2021’, by the Institute of Directors, India, three times in a row.

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

GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

Asian Paints’ governance structure comprises the Board of Directors, Committees of the Board and the Management. Corporate Governance at Asian Paints’ is implemented through robust board governance processes, internal control systems & processes and strong audit mechanisms. These are articulated through the Company’s various governance policies, Codes of Conduct, charters of various Committees of the Board and the Company’s disclosure and reporting practices.

BOARD OF DIRECTORS

The Board of Directors (“the Board”) of Asian Paints Limited, have a fiduciary responsibility to ensure that the Company’s actions and objectives are aligned to sustainable growth and long-term value creation.

The Board is also responsible for:

- a. long-term business plan & strategy and monitoring its implementation.
- b. enhancing shareholder value and overseeing the interests of all stakeholders through effective management.
- c. monitoring the effectiveness of the Company’s Corporate Governance practices.
- d. exercising effective control on the functioning of the Company to ensure fulfilment of stakeholder expectation and long-term value creation.

The Directors take active part in the deliberations at the Board and Committee meetings and provide guidance and advice to the management on various aspects of business, governance, compliance, etc.

COMMITTEES OF THE BOARD

The Board Committees have been constituted to deal with specific areas/activities as mandated by applicable rules and regulations or as delegated by the Board, which need a closer review.

The terms of reference of the Committees define the scope, powers, responsibilities, and composition of the Committees. The Chairperson of the respective Committee(s) brief the Board about the summary of the discussions held at the Committee meetings. The minutes of the meetings of all Committees are placed before the Board for their perusal. Further, there is effective cross committee discussion, wherever required, to ensure proper inter-committee co-ordination and to bring uniformity. The Chairpersons of the Committee(s) brief the Board on the summary of the discussions held and recommendations of the Committee members.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The terms of reference of the Committees are in line with the applicable provisions of the Listing Regulations, the Act and the Rules issued thereunder. The detailed terms of reference of the Committees can be accessed on the Company’s website at <https://www.asianpaints.com/TOR.html>.

Report on Corporate Governance (Contd.)

MANAGEMENT

The management structure of the Company comprises the Managing Director & CEO and the members of the Steering Council and One Link group.

The One Link group comprises of the General Managers, Associate Vice Presidents, Vice Presidents, Senior Vice Presidents, Presidents and the Managing Director & CEO. The Managing Director & CEO leads the group.

The Steering Council comprises the Associate Vice Presidents, Vice Presidents, Senior Vice Presidents, Presidents and the Managing Director & CEO.

The One Link group steers the futuristic and innovation projects across functions and businesses which work with the breakthrough methodology of creating long lasting impact.

The One Link group is responsible for fulfilling the ESG commitments at the management level and a defined weightage has been assigned to fulfilment of ESG commitments in the goals of the members of the One Link group.

The Managing Director & CEO reports to the Board and is in charge of managing the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long-term business goals.

BOARD

Composition of the Board

Asian Paints’ values and believes in having a diverse Board. A diverse Board with differences in experience, thought, perspective, skill sets, gender and expertise will ensure constructive deliberations and effective decision making at the Board. The Asian Paints’ Board has an optimum mix of Executive and Non-Executive Directors, in line with the applicable provisions of the Companies Act, 2013 (“the Act”) and the Listing Regulations. All the Directors on the Board are persons of eminence and bring a wide range of expertise, knowledge and experience to the Board thereby ensuring the best interest of the stakeholders and the Company.

As on 31st March, 2023, the Board comprised of 13 (thirteen) members, 6 of which were Independent Director(s), 6 were Non-Executive/ Promoter Director(s) and 1 Managing Director & CEO.

The Chairman of the Board is an Independent Director. Detailed profiles of all the Board members, comprising their experience, expertise, etc., are available on the Company’s website at <https://www.asianpaints.com/GovernanceStructure.html>.

During the year under review, Mr. Amit Syngle (DIN: 07232566) was re-appointed as the Managing Director & CEO of the Company from 1st April, 2023 to 31st March, 2028, not liable to retire by rotation.

Board Procedures

The Board, Committees of Board and Independent Directors meetings are pre-scheduled and an annual calendar of these meetings is circulated to the Directors and Committee members well in advance, to facilitate them to plan their schedules and to ensure meaningful participation in the meetings.

In case of special and urgent business matters, the Board/Committee(s) approval is taken by passing a resolution by circulation, as permitted by law, which is noted and then confirmed in the next Board/Committee meeting.

In order to facilitate effective discussions at the meetings of the Board, the agenda is bifurcated into items requiring approval and items which are to be taken note of by the Board and/or are circulated for the information of the members.

Clarification(s)/queries, if any, on the items which are to be taken on record by the Board are sought in advance and resolved before the meeting, to ensure focused and effective discussions at the meetings.

The Company has adopted a ‘safety-first’ approach for all its meetings and business decisions. All the quarterly meetings of the Board begin with an elaborate discussion on the Health and Safety initiatives, reportable incidents and corrective & preventive action taken by the management.

The discussions are then followed by review of the performance of the businesses *vis-à-vis* the Company Plan for the financial year and overall strategy, review of financial results, review of subsidiary’s performance, review of compliance reports, fund position and investments status, industrial relations and environmental consents.

The Board also deliberates on succession planning of the Board, its Committees and senior management

personnel, strategic planning, governance & regulatory matters, financial position, declaration & recommendation of dividend, progress of ESG commitments of the Company and such other matters as required under the Act, the Listing Regulations and other applicable laws.

The Board reviews the strategy, budgets & business plans, capital expenditure on an annual basis. It provides guidance and strategic direction to the management in the light of the economic developments, both locally and internationally, sectoral changes, competition, government regulations, etc.

During the year under review, 8 meetings of the Board were held. The Board members are encouraged to

be present in person for the meetings of the Board, however, with the Board being represented by Independent Directors from various parts of the country, it may not be possible for all of them to be physically present at all meetings. The Company provides video conference facility to enable their participation.

The necessary quorum was present, either in person or by means of video conference, for all the meetings of the Board.

The composition of Board of Directors along with details of the meetings held during the financial year 2022-23 and attendance of Directors in person or through video conference, is detailed below:

Name of Director(s), Director Identification Number (DIN) & Nature of Directorship	Meeting dates								% of attendance
	1 10 th May, 2022	2 26 th July, 2022	3 20 th October, 2022	4 22 nd December, 2022	5 6 th January, 2023	6 19 th January, 2023	7 28 th February, 2023	8 29 th March, 2023	
Deepak Satwalekar (00009627) Non-Executive Chairman/ Independent									88
Manish Choksi (00026496) Non-Executive Vice Chairman/ Promoter									100
Ashwin Dani (00009126) Non-Executive Director/Promoter									100
Amit Syngle (07232566) Managing Director & CEO									100
Malav Dani (01184336) Non-Executive Director/Promoter									100
Amrita Vakil (00170725) Non-Executive Director/Promoter									100
Jigish Choksi (08093304) Non-Executive Director/Promoter									100
Nehal Vakil (00165627) Non-Executive Director/Promoter									100
Vibha Paul Rishi (05180796) Non-Executive Director/Independent									100
R Seshasayee (00047985) Non-Executive Director/Independent									88
Suresh Narayanan (07246738) Non-Executive Director/Independent									88
Pallavi Shroff (00013580) Non-Executive Director/Independent									88
Milind Sarwate (00109854) Non-Executive Director/Independent									100

Attended through video conference Attended in person Leave of absence

All the members of the Board of Directors, except Mr. R Seshasayee and Mrs. Pallavi Shroff, Independent Directors, attended the last Annual General Meeting (“AGM”) of the Company held on 29th June, 2022 through video conference/ other audio visual means (“VC/OAVM”).

Flow of information to the Board

The Board has unrestricted access to all Company related information including to members of the management. The Company Secretary ensures that the Board and the Committees of the Board are provided with the relevant information, details and documents required for decision making. The Chairman of the Board and the Company Secretary determine the agenda for every meeting in consultation with the Managing Director & CEO.

While preparing the agenda, explanatory notes, minutes of the meeting(s), adherence to the Act and the Rules made thereunder, Listing Regulations, Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") and other applicable laws is ensured.

With a view to ensure high standards of confidentiality of the agenda and other Board papers and to leverage technology and eliminate paper consumption, the Company circulates the agenda and explanatory notes to the Directors/Committee members, through a web-based application which can be securely accessed by the Directors/Committee members through their hand-held devices, laptop, iPads and browsers. This application meets high standards of security that are required for storage and transmission of documents for Board/Committee meetings.

All material information is circulated to the Directors before the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of the Listing Regulations. With the unanimous consent of the Board, all information which is in the nature of Unpublished Price Sensitive Information ("UPSI"), is circulated to the Board and its Committees at a shorter notice before the commencement of the meetings. The management makes concerted efforts to continuously upgrade the information available to the Board for decision making and the Board members are updated on all key developments relating to the Company.

The Company Secretary attends all the meetings of the Board and its Committees and is, *inter alia*, responsible for recording the minutes of such meetings. The Company Executives are also invited to join the meetings with permission of the Chairperson(s) of the Board/Committee meetings. The Company Executives joining the said meetings of Board/Committee is also an opportunity for the Board/Committee members to interact with the members of the management.

The draft minutes of the meetings of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standard on Meetings of the Board of Directors ("SS – 1") issued by ICSI. Further, the certified true copy of the minutes is also circulated to the Board and Committee(s) in accordance with SS – 1.

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

Post-meeting follow-up system

The governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken report/pending for discussions of the Board and its Committees in the subsequent meetings.

Meetings of Independent Directors

During the financial year 2022-23, the Independent Directors met twice. At such meetings, the Independent Directors, *inter alia*, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to perform its duties effectively and reasonably, succession planning of the Independent Directors of the Board.

The details of the meetings held during the financial year 2022-23 and meetings attended by the Independent Directors of the Company, in person or through video conference, is detailed below:

Name of Independent Director(s)	Meeting dates	
	1	2
	6 th May, 2022	20 th October, 2022
Deepak Satwalekar		
R Seshasayee		
Vibha Paul Rishi		
Suresh Narayanan		
Pallavi Shroff		
Milind Sarwate		
Attended through video conference		
Attended in person Leave of absence		

Declarations from Independent Directors

- a. The Company has received declarations from the Independent Directors that they meet the criteria of Independence stipulated under Section 149 of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16(1)(b), 25(1) and 25(8) of the Listing Regulations. The Independent Directors have also confirmed that they have registered themselves with the Independent Director's Database maintained by the Indian Institute of Corporate Affairs.
- b. The Independent Directors under Regulation 25(8) of the Listing Regulations have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective, independent judgement and without any external influence.

Based on the declaration(s) received from the Independent Directors, supported by a Certificate from Company Secretary in practice, the Board has confirmed the veracity of such disclosures and confirmed that the Independent Directors fulfil the conditions of independence specified in the Act and the Listing Regulations and are independent of the management of the Company.

Key Board qualifications, expertise and attributes

The Board has identified individuals possessing wide experience and expertise in their areas of function, viz. Sales & Marketing, International business, General management and leadership, Financial & risk management skills and technical, professional skills and knowledge including legal, governance and regulatory aspects that allows them to make effective contribution to the Board and its Committees.

In terms of requirements of the Listing Regulations, the Board has identified the following skills/expertise/competencies of the Directors as on 31st March, 2023:

Sr. No.	Name of Director(s)	Skill/Expertise/Competency				
		Sales & Marketing experience: Exposure to sales and marketing management based on understanding of the consumers	International business experience: Experience in leading businesses in different geographies/markets around the world and emerging markets exposure	General management and leadership: Strategic planning, sustainability and protect interest of all stakeholders	Financial and risk management skills: Understanding the financial statements and financial controls, systems and processes & mergers and acquisitions	Technical, professional skills and knowledge including legal, governance and regulatory aspects
1.	Deepak Satwalekar	✓	✗	✓	✓	✗
2.	Manish Choksi	✓	✓	✓	✓	✓
3.	Ashwin Dani	✓	✓	✓	✓	✓
4.	Amit Syngle	✓	✓	✓	✓	✓
5.	Malav Dani	✓	✓	✓	✓	✗
6.	Amrita Vakil	✓	✗	✓	✓	✗

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

Except for the sitting fees and commission payable to the Non-Executive Directors annually in accordance with the applicable laws and with the approval of the Board and shareholders, there is no pecuniary or business relationship between the Non-Executive Directors and the Company.

Mrs. Pallavi Shroff, Independent Director of the Company, is the Joint-Managing Partner of Shardul Amarchand Mangaldas & Co., Solicitors & Advocates, from which the Company takes professional services. For details pertaining to transactions with Shardul Amarchand Mangaldas & Co. during the financial year 2022-23, refer Note no. 38 to the standalone financial statements of the Company forming part of this Integrated Annual Report.

The quantum of fees paid to Shardul Amarchand Mangaldas & Co. is an insignificant portion of their total revenue, thus, Shardul Amarchand Mangaldas & Co., is not construed as having any material association with the Company.

Report on Corporate Governance (Contd.)

Sr. No.	Name of Director(s)	Skill/Expertise/Competency				
		Sales & Marketing experience: Exposure to sales and marketing management based on understanding of the consumers	International business experience: Experience in leading businesses in different geographies/markets around the world and emerging markets exposure	General management and leadership: Strategic planning, sustainability and protect interest of all stakeholders	Financial and risk management skills: Understanding the financial statements and financial controls, systems and processes & mergers and acquisitions	Technical, professional skills and knowledge including legal, governance and regulatory aspects
7.	Jigish Choksi	✓	✗	✓	✗	✗
8.	Nehal Vakil	✗	✗	✓	✓	✗
9.	Vibha Paul Rishi	✓	✓	✓	✓	✗
10.	R Seshasayee	✓	✓	✓	✓	✓
11.	Suresh Narayanan	✓	✓	✓	✓	✗
12.	Pallavi Shroff	✓	✓	✓	✓	✓
13.	Milind Sarwate	✗	✗	✓	✓	✓

Directorship and Membership(s)/Chairpersonship(s) of Committees and Shareholding of Directors

All the Directors of the Company at the beginning of each financial year inform about their Directorships, Committee memberships/chairpersonships and as and when there is any change.

The details of Directorship, *inter-se* relationship, shareholding in the Company, number of Directorship(s) and Committee Membership(s)/Chairpersonship(s) held by the Directors of the Company in other public companies as on 31st March, 2023 are as under:

Name of Director(s)	Inter-se Relationship	No. of shares held along with % to the paid-up share capital of the Company®#	Directorship in other Companies		Membership and Chairpersonship of the Committees of the Board of other Companies [§]	
			Number*	Name of listed entities along with category	Chairperson	Member
Deepak Satwalekar	No	-	2	Independent Director of Home First Finance Company India Limited and Wipro Limited	2	2
Manish Choksi	Cousin of Jigish Choksi	23,81,040 (0.25%)	3	Independent Director of Vedant Fashions Limited and Torrent Pharmaceuticals Limited	-	2
Ashwin Dani	Father of Malav Dani	11,24,870 (0.12%)	3	Non-Executive Chairman of Hitech Corporation Limited	2	2
Amit Syngle	No	600 (0.00%)	-	-	-	-
Malav Dani	Son of Ashwin Dani	33,05,510 (0.34%)	1	Managing Director of Hitech Corporation Limited	-	-
Amrita Vakil	Cousin of Nehal Vakil	25,66,680 (0.27%)	3	Non-Executive Director of Elcid Investments Limited	-	1
Jigish Choksi	Cousin of Manish Choksi	19,95,180 (0.21%)	-	-	-	-
Nehal Vakil	Cousin of Amrita Vakil	57,38,489 (0.60%)	3	-	-	-
Vibha Paul Rishi	No	-	4	Independent Director of Tata Chemicals Limited, ICICI Prudential Life Insurance Company Limited, ICICI Bank Limited and Piramal Pharma Limited	2	4
R Seshasayee	No	1,496 (0.00%)	1	-	-	1
Suresh Narayanan	No	-	1	Chairman and Managing Director of Nestle India Limited	-	-

Name of Director(s)	Inter-se Relationship	No. of shares held along with % to the paid-up share capital of the Company®#	Directorship in other Companies		Membership and Chairpersonship of the Committees of the Board of other Companies [§]	
			Number*	Name of listed entities along with category	Chairperson	Member
Pallavi Shroff	No	-	5	Independent Director of Apollo Tyres Limited, InterGlobe Aviation Limited, PVR Inox Limited and One 97 Communications Limited	1	6
Milind Sarwate	No	35 (0.00%)	8	Independent Director of FSN e-Commerce Ventures Limited, Matrimony.com Limited, Mahindra and Mahindra Financial Services Limited, Metropolis Healthcare Limited and SeQuent Scientific Limited	4	9

Notes:

- a. * Excludes directorship in Asian Paints Limited, private companies, foreign companies, high value debt listed companies, companies incorporated under Section 8 of the Act and alternate directorships, if any.
- b. [§] For the purpose of calculating the limit of Committee membership and chairpersonship of a director, membership and chairpersonship of Audit Committee and Stakeholders Relationship Committee of public companies other than Asian Paints Limited have been considered.
- c. ® As per the declarations made to the Company by the Directors with respect to the shares held in their own name or held jointly as the first holder or held on a beneficial basis as the first holder.
- d. # The Company has not issued any convertible instruments, hence no such instruments are being held by Non-Executive Directors.

Based on the intimations/disclosures received from the Directors, none of the Directors of the Company hold Memberships/Chairpersonships of Board/Committees, more than the limits prescribed under the Act and the Listing Regulations.

FAMILIARISATION PROGRAMME

The Company has a familiarisation programme for its Independent Directors and other Non-Executive Directors which, *inter alia*, includes briefing on:

- a. role, responsibilities, duties and obligations as a member of the Board.
- b. nature of business and business model of the Company.
- c. strategic directions for businesses.
- d. mergers & acquisitions and investment opportunities.
- e. Macro economic outlook and business conditions.
- f. Matters relating to governance.

In the Board meetings, all discussions on performance review of the businesses are preceded by a recap on the strategic direction adopted for the business, which provides good insights on the path forward for the businesses carried on by the Company to the Independent Directors and the other Non-Executive Directors on the Board.

An information pack is handed over to the new Director(s) on the Board, which includes, Company

profile, Company’s Codes and Policies, strategy documents and any other operational information which will enable them to discharge their duties effectively.

Quarterly updates, strategic updates including press releases submitted with the stock exchanges are shared with the Board members to keep them abreast on the material developments relating to the Company.

The details of such familiarisation programmes for Independent Director(s) can be accessed on the Company’s website at <https://www.asianpaints.com/FamiliarisationProgramme.html>.

COMMITTEES

As on 31st March, 2023, the Company had 6 Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Investment Committee.

During the year under review, the Shareholders Committee was dissolved and its terms of reference were merged with the Stakeholders Relationship Committee of the Board.

Report on Corporate Governance (Contd.)

AUDIT COMMITTEE

The Audit Committee comprises of 4 Independent Directors. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance of the members of the Committee, in person or through video conference, is detailed below:

Name of Member(s)	Nature of membership	Meeting dates					
		1	2	3	4	5	6
		9 th May, 2022 [§]	25 th July, 2022 [§]	19 th October, 2022 [§]	21 st December, 2022	18 th January, 2023 [§]	28 th March, 2023
Milind Sarwate*	Chairman						
R Seshasayee	Member						
Pallavi Shroff	Member						
Vibha Paul Rishi*	Member						

Attended through video conference Attended in person Leave of absence

- Notes:**
- a. The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days.
 - b. [§] These meetings were adjourned to the next day for consideration of financial results, as applicable.
 - c. * With effect from 1st April, 2022, Mr. Milind Sarwate has been appointed as the Chairman of the Committee and Mrs. Vibha Paul Rishi as a member of the Committee.
 - d. [#] Mr. R Seshasayee was present in the meeting adjourned to the next day i.e. 20th October, 2022.
 - e. Mr. R J Jeyamurugan is the Secretary to the Committee.

Governance

- a. The composition and terms of reference of the Audit Committee are in line with the applicable provisions of the Listing Regulations and the Act.
- b. The Audit Committee meets the Statutory Auditors and the Internal Auditor independently without the presence of any members of the management at least once in a year.
- c. The members of the Audit Committee are financially literate and have relevant experience in financial management.
- d. The Committee meets quarterly for consideration of financial results, review and approval of related party transactions.
- e. A dedicated meeting of the Committee is held to review the key internal audit observations, fixing the limits and governance for entering into related party transactions during the year.
- f. The meetings of the Audit Committee are also attended by the Managing Director & CEO, Statutory Auditors, Chief Internal Auditor, CFO & Company Secretary and other members of the Finance function of the Company.

Terms of reference

The Audit Committee is, *inter alia*, entrusted with the following key responsibilities by the Board of Directors of the Company:

Sr. No.	Activities of the Committee during the year	Frequency
1.	Overseeing the Company's financial reporting process and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.	A
2.	Reviewing with the management standalone and consolidated financial results and annual financial statements and, if thought fit, recommend to the Board for approval.	Q
3.	Reviewing the Management Discussion and Analysis of the financial condition and results of operations.	A
4.	Reviewing, approving or subsequently modifying transactions of the Company with related parties.	Q/P
5.	Evaluating the internal financial controls and risk management policies of the Company.	A

Sr. No.	Activities of the Committee during the year	Frequency
6.	Recommending the appointment/ re-appointment, remuneration, terms of appointment and scope of Auditors of the Company and approval of payment for any other service.	P/A
7.	Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process and audit reports submitted by the auditor.	Q/A
8.	Reviewing the adequacy of internal audit function and discussing with the internal auditors on the significant findings and further course adopted.	A
9.	Reviewing the grievance redressal mechanism of the Company and overseeing the functioning of the same.	Q
10.	Reviewing compliance with the provisions of Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015 and verify adequacy of internal controls.	A

Frequency: A Annually Q Quarterly P Periodically E Event-based

Name of Member(s)	Nature of membership	Meeting dates					
		1	2	3	4	5	6
		22 nd April, 2022	5 th May, 2022	6 th June, 2022	17 th October, 2022	19 th January, 2023	28 th February, 2023
Suresh Narayanan	Chairman						
Manish Choksi	Member						
R Seshasayee*	Member						

Attended through video conference Attended in person

- Notes:**
- a. * With effect from 1st April, 2022, Mr. R Seshasayee has been appointed as a member of the Committee.
 - b. Mr. R J Jeyamurugan is the Secretary to the Committee.

Governance

- a. The composition and terms of reference of NRC are in line with the applicable provisions of the Listing Regulations and the Act.
- b. NRC also transacted some of the business under its terms of reference by passing resolution(s) by circulation during the year under review.

The Audit Committee obtains outside legal or other professional advice and secures attendance of outsiders with relevant expertise, as and when it considers necessary.

All the decisions and recommendations made by the Committee during the year were approved by requisite majority by the members of the Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") comprises of 2 Independent Directors and a Non-Executive Director. The Chairman of the NRC is an Independent Director.

The composition of NRC of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance of the members of the Committee, in person or through video conference, is detailed below:

Terms of reference

The NRC is, *inter alia*, entrusted with the following key responsibilities by the Board of Directors of the Company:

Sr. No.	Activities of the Committee during the year	Frequency
1.	Formulating criteria for determining qualifications, positive attributes and independence of a Director.	P

Report on Corporate Governance (Contd.)

Sr. No.	Activities of the Committee during the year	Frequency
2.	Recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.	E
3.	Devising a policy on Board Diversity.	E
4.	Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company.	A
5.	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.	E
6.	Recommending to the Board all remuneration, in whatever form, payable to senior management.	A
7.	For every appointment of an Independent Director, NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.	E
8.	Specifying methodology for effective evaluation of performance of Board/ Committees of the Board and review the terms of appointment of Independent Director(s) on the basis of the report of performance evaluation of the Independent Director(s).	A
9.	Playing the role of Compensation Committee and to act as an administrator to the Employees' Stock Option Scheme of the Company.	P

Frequency: A Annually Q Quarterly P Periodically E Event-based

All the decisions and recommendations made by the Committee during the year were approved by requisite majority by the members of the Committee.

SUCCESSION PLANNING

The Company believes that succession planning is imperative for a Company’s continuity and sustainability.

It strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity. The NRC plays a pivotal role in identifying successors to the members of the Board and invests substantial time with the Managing Director & CEO on succession planning of Key Managerial Personnel and

senior management. It has adopted a methodical and fair process to select the suitable candidate. The succession plan is closely aligned with the strategy and long-term needs of the Company.

The Company has in place a Policy for Appointment of Independent Director on the Board of the Company. This Policy, *inter alia*, lists the process to be followed for appointment of Independent Director(s), criteria for shortlisting the candidates and critical attributes.

Before appointing an Independent Director, the NRC evaluates the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepares a description of the role and capabilities required of an Independent Director. Thereafter, it reviews the profile of suitable candidates, interacts with them and then it selects the most suitable candidate for appointment.

NOMINATION AND REMUNERATION POLICY

The Company has in place a Nomination and Remuneration Policy formulated as per the provisions of the Act and the Listing Regulations. The Policy outlines the role of NRC and the Board, *inter alia*, determining the criteria for Board membership, approving, and recommending compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees, and the Directors.

In accordance of the said Policy following is the criteria for payment of remuneration to Directors, senior management and other employees:

- a. Compensation to Managing Director: The NRC shall approve compensation package of the Managing Director which shall be in accordance with the applicable law, in line with Company’s objectives, shareholders interest and industry standards, subject to approval of the Board.
- b. Remuneration to Non-Executive Directors: The NRC shall recommend to the Board for its approval, commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made by similar sized, successful companies, after taking into account their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness.

- c. Compensation to senior management: The NRC shall review performance of the senior management of the Company and shall ensure that the remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- d. Remuneration to other employees: The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity and involves an optimum balance of fixed and variable components.

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE FINANCIAL YEAR 2022-23:

Non-Executive Directors

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

During the financial year 2022-23, sitting fees of ₹ 1,00,000 for attending each meeting of the Board of Directors, Audit Committee, Nomination and

Remuneration Committee and ₹ 40,000 for attending each meeting of the rest of the Committees and meeting of the Independent Directors was paid.

Managing Director & CEO

The structure of remuneration payable to the Managing Director & CEO involves a fair balance of fixed pay and variable component which is linked to achievement of certain year-on-year and long-term targets as determined by the NRC and the Board of the Company.

The variable pay achievement targets, *inter alia*, include revenue growth, specific targets for focused products, market share, ESG commitments, employee engagement & collaboration score and people development & succession planning for senior management.

The remuneration payable to all cadres of managerial employees, including the Managing Director & CEO is benchmarked annually and is reviewed by the NRC. In accordance with the Nomination and Remuneration Policy of the Company, the revisions to the remuneration payable to the Managing Director & CEO, CFO & CS and other senior managerial personnel is reviewed by the NRC based on their performance evaluation.

Details of the remuneration paid to the Directors for the services rendered and stock options granted during the financial year 2022-23, are as follows:

(Amount in ₹)

Name of Director(s)	Basic Salary	Perquisites	Sitting Fees	Commission	Total
Deepak Satwalekar	-	-	12,20,000	50,00,000	62,20,000
Manish Choksi	-	-	17,20,000	46,00,000	63,20,000
Ashwin Dani	-	7,35,000*	8,00,000	42,00,000	57,35,000
Amit Syngle #s	4,05,62,400	4,15,70,760	-	10,19,00,000	18,40,33,160
Malav Dani	-	-	12,80,000	44,00,000	56,80,000
Amrita Vakil	-	-	12,80,000	42,00,000	54,80,000
Jigish Choksi	-	-	10,80,000	42,00,000	52,80,000
Nehal Vakil	-	-	9,60,000	42,00,000	51,60,000
Vibha Paul Rishi	-	-	19,20,000	44,00,000	63,20,000
R Seshasayee	-	-	21,60,000	44,00,000	65,60,000
Suresh Narayanan	-	-	15,80,000	46,00,000	61,80,000
Pallavi Shroff	-	-	13,20,000	42,00,000	55,20,000
Milind Sarwate	-	-	14,80,000	48,00,000	62,80,000

Report on Corporate Governance (Contd.)

Notes:

- a. No stock options are granted to the Independent Directors and Promoter Directors of the Company.
- b. * Represents retiral benefits like pension and medical reimbursement as per his contract entered into with the Company in his erstwhile capacity as an Executive Director which ended on 31st March, 2009.
- c. # The remuneration paid to Mr. Amit Syngle, Managing Director & CEO, excludes performance-based incentive of ₹ 90,00,000 paid for financial year 2019-20. It also excludes ₹ 5,48,00,000 worth of stock options granted in accordance with the Asian Paints Employee Stock Option Plan 2021 ("2021 Plan") for the financial year 2022-23. The stock options would vest on fulfilment of vesting conditions in accordance with the 2021 Plan. Taxable value of perquisite for car allowance has been considered in the aforesaid computation.
- d. § Services of the Managing Director & CEO may be terminated by either party, giving the other party six months' notice or the Company paying six months' basic salary in lieu thereof. There is no separate provision for payment of severance pay.

PERFORMANCE EVALUATION

In terms of the requirements of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and its Committees.

The Company has a structured assessment process for evaluation of performance of the Board, its Committees and individual performance of each Director including the Chairman of the Board.

The evaluations are carried out in a confidential manner and the Directors provide their feedback by rating based on various metrics.

The Independent Directors at their separate meeting reviewed the performance of: Non-Independent Directors and the Board as a whole, the Chairman of the Board after considering the views of other Directors, succession planning, 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.

During the year under review, questionnaires were circulated to the members of the Board and respective Committees soliciting their feedback on the performance of the Board, its Committees and individual Directors for the financial year 2022-23.

The overall performance evaluation exercise was completed to the satisfaction of the Board.

The outcome of evaluation was presented to NRC and the Board and key outcomes, actionable areas were discussed and the same would be acted upon.

The Board has resolved to engage an external leadership advisory firm once in 3 years to conduct the Board evaluation. The Board had engaged Egon Zehnder, a leadership advisory firm on Board matters, to conduct the Board evaluation for the financial year 2020-21.

Board and Individual Directors

The parameters of performance evaluation process for the Board, *inter alia*, includes composition of Board, process for appointment on the Board, succession planning, open and honest discussion, handling critical and dissenting suggestions, managing conflict of interest, attention to Company's long-term strategy, monitoring performance of the Company's core business, having information on key strategic matters and possible investment/acquisition opportunities, evaluation of the governance levels of the Company, quality of discussions at the meeting, adequacy of risk management measures, overall contribution of Board to the Company, etc.

The parameters of performance evaluation process for the Directors, *inter alia*, includes, effective participation in meetings of the Board, understanding of the roles, responsibilities and the business, domain knowledge, attendance of Director(s), etc. Independent Directors were evaluated by the entire Board with respect to fulfilment of independence criteria specified in the Listing Regulations and the Act and their independence from the management. Additional criteria for performance evaluation of Chairman of the Board includes ability to co-ordinate Board discussions, steering the meeting effectively, seeking views and dealing with dissent, etc.

The outcome of survey and feedback from Directors was discussed at the meeting of NRC and Board. The Directors were individually briefed about their performance by the Chairman of NRC and the Chairman of NRC was briefed about his performance by the Chairman of the Board.

Managing Director & CEO

The NRC evaluates the performance of the Managing Director & CEO by setting his Key Performance Objectives at the beginning of each financial year.

The Committee ensures that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

The performance of the Managing Director & CEO *vis-à-vis* the Performance Objectives/Parameters set at the beginning of the financial year are also reviewed by the NRC during the year.

Committees of the Board

The performance evaluation of Committee(s) included aspects like degree of fulfilment of key responsibilities as outlined by the Charter of the Committee, adequacy of Committee composition, effectiveness of discussions at the Committee meetings, quality of deliberations at the meetings and information provided to the Committee(s), etc.

The feedback from members and the action suggested by the NRC and Board are discussed at the respective meetings of the Committee(s) of the Board of Directors for taking necessary action.

Synopsis of outcome of evaluations for the financial year 2022-23 and action plan

As an outcome of the performance evaluation, the Board noted the following:

- a. the Board as a whole is functioning effectively and has the required skill sets to govern the Company.
- b. the flow of information and quality of discussions at the meetings is robust, well intended and leads to clear decision.
- c. the Board is committed to enhancing the Company's governance practices.
- d. creation of succession pipeline for the members of the Board.
- e. the Board has sufficient engagement with the senior management.
- f. Committees of the Board function effectively.

The overall outcome of performance evaluation was positive and the Board would engage further on the areas to be actioned upon. These actionable areas would include enhanced focus and time spent on ESG commitments and long term succession pipeline for the members of the Board.

Progress on recommendations from last year's evaluation was also discussed. The Board noted that engagement with the senior management outside of Board meetings was enhanced and they were satisfied with the action taken.

EMPLOYEE STOCK OPTION PLAN ("ESOP")

With the approval of the shareholders at the AGM of the Company held on 29th June, 2021, the Company had introduced Asian Paints Employee Stock Option Plan 2021 ("2021 Plan"), to reward, incentivise and retain eligible employees.

The NRC plays the role of the Compensation Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations").

The Asian Paints Employees Stock Ownership Trust ("ESOP Trust") is managed by Barclays Wealth Trustees (India) Private Limited, Independent Trustee. Information as required under the SEBI SBEB Regulations have been uploaded on the Company's website at <https://www.asianpaints.com/AnnualReports.html>

For further details, refer to the Board's Report/notes to the financial statements wherein detailed information has been provided.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") comprises of 1 Independent Director and 2 Non-Executive Directors. The Chairperson of the SRC is an Independent Director.

Report on Corporate Governance (Contd.)

The composition of the SRC of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance by the members of the Committee through video conference, is detailed below:

Name of Member(s)	Nature of membership	Meeting dates			
		1	2	3	4
		29 th July, 2022	28 th October, 2022	27 th January, 2023	16 th March, 2023
Vibha Paul Rishi*	Chairperson				
Jigish Choksi	Member				
Nehal Vakil*	Member				

Attended through video conference

Notes:

- a. * With effect from 1st April, 2022, Mrs. Vibha Paul Rishi has been appointed as the Chairperson of the Committee and Ms. Nehal Vakil as a member of the Committee.
- b. Mr. R J Jeyamurugan is the Secretary to the Committee and is a permanent invitee to the Committee.

Governance

- a. The composition and terms of reference of the SRC are in line with the applicable provisions of the Listing Regulations and the Act.
- b. The Committee has periodic interactions with the representatives of the TSR Consultants Private Limited, the Registrar and Share Transfer Agent of the Company. The Committee also invites shareholders for an interaction during the meeting to get feedback on investor services.
- c. Mr. R J Jeyamurugan, CFO & Company Secretary, is the Compliance Officer in accordance with Regulation 6 of the Listing Regulations. Mr. R J Jeyamurugan is an Associate member of ICSI and an Associate member of the Institute of Chartered Accountants of India.
- d. During the year under review, SRC:

i. transacted some of the business under its terms of reference by passing resolution(s) by circulation.

ii. discussed on implementation of ESG strategy and the Company’s progress and performance on its long-term ESG commitments and targets.

iii. The Committee also discussed the suggestions, recommendations and feedback made by the analysts and institutional investors in their interactions & calls with the Company.
- iii. adopted the Investors’ Grievance Redressal Policy in order to help investors register and escalate their grievances and resolve them in a time bound manner. The Policy also embodies the process followed by the Company for handling investor complaints and the individuals/team responsible to address their grievances. The Investors’ Grievance Redressal Policy have been uploaded on the website of the Company at <https://www.asianpaints.com/IGRPolicy.html>.

Terms of Reference

The SRC is, *inter alia*, entrusted with the following key responsibilities by the Board of Directors of the Company:

Sr. No.	Activities of the Committee during the year	Frequency
1.	Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.	Q
2.	Reviewing of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.	Q
3.	Issuing share certificates pursuant to duplicate/remat/renewal requests as and when received by the Company.	P

Sr. No.	Activities of the Committee during the year	Frequency
4.	Providing direction to the management on implementation of ESG Strategy.	P
5.	Providing oversight of the execution of the ESG Strategy and the Company’s progress and performance on its long-term ESG commitments and targets.	P

Frequency: A Annually Q Quarterly P Periodically E Event-based

All the decisions and recommendations made by the Committee during the year were approved by requisite majority by the members of the Committee.

The number of complaints received and redressed during the financial year 2022-23 is given in the

Name of Member(s)	Nature of membership	Meeting dates			
		1 15 th July, 2022	2 14 th October, 2022	3 16 th January, 2023	4 24 th March, 2023
Malav Dani	Chairman				
Deepak Satwalekar	Member				
Amrita Vakil	Member				
Amit Syngle	Member				
Vibha Paul Rishi	Member				

Attended through video conference Attended in person

Note: Mr. R J Jeyamurugan is the Secretary to the Committee.

Governance

- a. The composition and terms of reference of the CSR Committee are in line with the applicable provisions of the Act.
- b. The meetings of the CSR Committee are also attended by members of the CSR Council of the Company as invitees. Further, employees responsible for the CSR activities on ground, are invited to the Committee meetings to give the members a first-hand account of the work done.
- c. The CSR Committee transacted some of the business under its terms of reference by passing resolution(s) by circulation during the year under review.

‘General Shareholder Information’ section, which forms part of this Integrated Annual Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (“CSR”) Committee comprises of 2 Independent Directors, the Managing Director & CEO and 2 Non-Executive Directors.

The composition of the CSR committee of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance by the members of the Committee, in person or through video conference, is detailed below:

Terms of Reference

The CSR Committee is, *inter alia*, entrusted with the following key responsibilities by the Board of Directors of the Company:

Sr. No.	Activities of the Committee during the year	Frequency
1.	Recommending the amount of expenditure to be incurred on the activities.	A
2.	Monitoring implementation and adherence to the CSR Policy of the Company from time to time.	Q
3.	Preparing a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company.	P

Frequency: A Annually Q Quarterly P Periodically E Event-based

Report on Corporate Governance (Contd.)

All the decisions and recommendations made by the Committee during the year were approved by requisite majority by the members of the Committee.

The details of the CSR initiatives as per the CSR Policy of the Company is available in the Board’s Report forming part of this Integrated Annual Report. The CSR Policy of the Company has been uploaded on the Company’s website at <https://www.asianpaints.com/CSRPolicy.html>.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) comprises of 2 Independent Directors, 1 Non-Executive Director and 1 member from the management of the Company. The Chairperson of the RMC is an Independent Director.

The composition of the RMC of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance of the members of the Committee through video conference is detailed below:

Name of Member(s)	Nature of membership	Meeting dates		
		1 8 th August, 2022	2 29 th November, 2022	3 20 th March, 2023
Vibha Paul Rishi	Chairperson			
Pallavi Shroff	Member			
Jigish Choksi*	Member			
P. Sriram#	Member			
Rahul Bhatnagar*	Member			

Attended through video conference

Leave of absence

Notes:

- a. * With effect from 1st April, 2022, Mr. Jigish Choksi, Non-Executive Director and Mr. Rahul Bhatnagar, President – Project Sales, R&T, Industrial JVs, have been appointed as the members of the Committee.
- b. # Mr. P. Sriram ceased to be the member of the Committee with effect from 20th January, 2023 on account of his cessation of employment with the Company.
- c. @Mr. Amit Syngle has ceased to be the member of the Committee with effect from 1st April, 2022.
- d. Mr. R J Jeyamurugan is the Secretary to the Committee.
- e. The intervening period between 2 consecutive RMC meetings was well within the maximum allowed gap of 180 days.
- g. Mr. Alok Agrawal heads the Risks Management function of the Company.

Governance

- a. The composition and terms of reference of the RMC are in line with the applicable provisions of the Listing Regulations.
- b. The meetings of the RMC are also attended by the Chief Internal Auditor of the Company as an invitee.
- c. The RMC is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management.
- d. During the year under review, a Risk Management Framework, *inter alia*, providing the guiding principle for risk management efforts in the Company was approved by the Board. The Risk Management Framework includes identification of risks, risk management process, reporting of risks to the management and disclosure of such risks to stakeholders which shall impact the going concern status of the Company.
- e. The Risk Management Policy of the Company articulates the Company’s approach to address uncertainties in its endeavours to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/ business risks, information technology, financial, cyber security risks and operational risks respectively.
- f. The Risk Management Policy of the Company has been uploaded on the Company’s website at <https://www.asianpaints.com/RMPolicy.html>.

Terms of Reference

The RMC is, *inter alia*, entrusted with the following key responsibilities by the Board of Directors of the Company:

Sr. No.	Activities of the Committee during the year	Frequency
1.	To identify Company’s risk appetite set for various elements of risk.	P
2.	To ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.	P
3.	To review the appointment, removal, and terms of remuneration of the Chief Risk Officer (if any).	E

Sr. No.	Activities of the Committee during the year	Frequency
4.	To formulate a detailed risk management policy which shall include: <div>a) A framework for identification of internal and external risks specifically faced by the listed entity. b) Measures for risk mitigation including systems and processes for internal control of identified risks. c) Business continuity plan.</div>	P
5.	To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.	P
6.	To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.	P
7.	To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise as and when required.	E

Frequency: A Annually Q Quarterly P Periodically E Event-based

Name of Member(s)	Nature of membership	Meeting dates							
		1 22 nd July, 2022	2 23 rd August, 2022	3 13 th September, 2022	4 3 rd October, 2022	5 22 nd December, 2022	6 6 th January, 2023	7 10 th March, 2023	8 17 th March, 2023
R Seshasayee	Chairman								
Deepak Satwalekar	Member								
Manish Choksi	Member								
Malav Dani	Member								
Suresh Narayanan	Member								
Amit Syngle	Member								
Amrita Vakil*	Member								

Attended through video conference Attended in person Leave of absence

Notes:

- a. * With effect from 1st April, 2022, Ms. Amrita Vakil has been appointed as a member of the Committee.
- b. Mr. R J Jeyamurugan is the Secretary to the Committee and is a permanent invitee to the Committee.

The Committee obtains outside legal or other professional advice and secures attendance of outsiders with relevant expertise, if it considers necessary.

All the decisions and recommendations made by the Committee during the year were approved by requisite majority by the members of the Committee.

INVESTMENT COMMITTEE

Apart from the above statutory Committees, the Board has constituted an Investment Committee with an objective to focus and report to the Board on areas of strategic focus and significance for the Company.

The Investment Committee comprises of 3 Independent Directors, 3 Non-Executive Directors and the Managing Director & CEO. The Chairman of the Investment Committee is an Independent Director.

The composition of the Investment Committee of the Board of Directors of the Company along with the details of the meetings held during the financial year 2022-23 and attendance of the members of the Committee, in person or through video conference, is detailed below:

Report on Corporate Governance (Contd.)

Terms of Reference

The terms of reference of the Investment Committee, *inter alia*, includes reviewing and evaluating proposals for investment (including acquisitions), divestments, strategic alliances/technological tie ups, large projects requiring capital expenditure based on strategic plans of the Company or its subsidiaries and making appropriate recommendations to the Board of the Company.

It is also responsible for reviewing the post transaction completion and integration processes and reviewing if the status is in line with the plans for acquisitions/strategical alliances/technological tie ups.

GENERAL MEETINGS

Details of the last 3 AGMs of the Company and summary of Special Resolution(s) passed therein, if any, are as under:

Financial Year(s)	Date and Time	Location	Special Resolution(s) passed
2019-20	5 th August, 2020 at 2.00 p.m.	Conducted through video conferencing/other audio visual means. Deemed location is the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai – 400 055	Continuation of directorship of Mr. Ashwin Dani as a Non-Executive Director of the Company beyond 75 years of age.
2020-21	29 th June, 2021 at 11.00 a.m.		<div>1 Re-appointment of Mr. R Seshasayee as an Independent Director of the Company.</div> <div>2 Continuation of Directorship of Mr. R Seshasayee as an Independent Director of the Company beyond 75 years of age.</div> <div>3 Formulation of the Asian Paints Employee Stock Option Plan 2021 and grant of stock options to the eligible employees of the Company under the 2021 Plan.</div> <div>4 Formulation of the Asian Paints Employee Stock Option Plan 2021 and grant of stock options to the eligible employees of the Company’s subsidiaries under the 2021 Plan.</div> <div>5 Secondary acquisition of equity shares of the Company by the Asian Paints Employees Stock Ownership Trust for the implementation of the Asian Paints Employee Stock Option Plan 2021.</div> <div>6 Change of place of keeping and inspection of Register and Index of Members, returns, etc.</div>
2021-22	29 th June, 2022 at 11.00 a.m.		Nil

During the last 3 years, all the resolutions were approved by the shareholders of the Company.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, the CEO/CFO certificate for the financial year 2022-23 signed by Mr. Amit Syngle, Managing Director & CEO, and Mr. R J Jeyamurugan, CFO & Company Secretary, was placed before the Board at its meeting held on 11th May, 2023 and is annexed to this Integrated Annual Report as Annexure (A).

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

As required by Schedule V of the Listing Regulations, the Auditors Certificate on Corporate Governance is annexed to this Integrated Annual Report as Annexure (B).

POSTAL BALLOT

Special Resolution passed through Postal Ballot during the financial year 2022-23 is as follows:

Appointment of Mr. Milind Sarwate (DIN: 00109854) as an Independent Director of the Company to hold office for 5 consecutive years from 21st October, 2021 to 20th October, 2026.

Approval of the Shareholders was sought vide Special Resolution for appointment of Mr. Milind Sarwate (DIN: 00109854) as an Independent Director of the Company to hold office for 5 consecutive years from 21st October, 2021 to 20th October, 2026.

Mr. Makarand M. Joshi (Membership No.: 5533, COP: 3662), failing him, Ms. Kumudini Bhalerao (Membership No.: 6667, COP: 6690), Partners of Makarand M. Joshi & Co., Practicing Company Secretaries, were appointed as the Scrutinizer for carrying out the Postal Ballot voting process through electronic means in a fair and transparent manner.

Procedure adopted for Postal Ballot

In compliance with Regulation 44 of the Listing Regulations, Sections 108, 110 and other applicable provisions of the Act read with the Rules issued thereunder and the General Circulars issued in this regard by the Ministry of Corporate Affairs (“MCA”), the Company provided electronic voting facility to all its members.

The Company engaged the services of National Securities Depository Limited (“NSDL”) for the purpose of providing electronic voting facility to all its members.

The Postal Ballot Notice was sent to the members in electronic form at their email addresses registered with the depositories/TSR Consultants Private Limited, Company’s Registrar and Share Transfer Agent. The Company also published notice in the newspapers declaring the details of completion of dispatch, e-voting details and other requirements in terms of the Act read with the Rules issued thereunder and the Secretarial Standards issued by the Institute of Company Secretaries of India. Voting rights were reckoned on the paid-up value of shares of the Company registered in the names of the shareholders as on the cut-off date.

The Scrutinizer submitted his report to the CFO & Company Secretary of the Company, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the CFO & Company Secretary on Wednesday, 20th April, 2022, as authorised by the Board of Directors of the Company. 88.39% of votes were cast in favour and 11.61% of votes were cast against the said resolution.

The results were displayed at the registered office of the Company and on the Company’s website at www.asianpaints.com and were available on the website of the Stock Exchanges and NSDL. The results were also on voluntary basis intimated through Press Release in newspapers.

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

The details of the previous postal ballots are available on the website of the Company at <https://www.asianpaints.com/PostalBallot.html>.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

- a. The Company has complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.
- b. **Related Party Transactions (“RPTs”):**
During the year under review,

i. all RPTs entered into by the Company, were approved by the Audit Committee and were in the ordinary course of business and at arm’s length basis. The Audit Committee also granted prior omnibus approval for RPTs which would be in the ordinary course of business and on an arm’s length basis and are repetitive in nature and also for unforeseen transactions, in line with the Policy on Dealing with and Materiality of Related Party Transactions and the applicable provisions of the Act read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force).

ii. the Audit Committee reviewed on a quarterly basis, the details of RPTs, entered into by the Company pursuant to the omnibus approval granted.

- iii. the Company did not enter into any material RPTs nor did it enter into any significant transaction with its related parties that may have a potential conflict with the interests of the Company.
- iv. the RPTs undertaken by the Company were in compliance with the provisions set out in the Act read with the Rules issued thereunder and relevant provisions of the Listing Regulations.
- v. The business rationale for the transactions with related parties and details of the same forms part of the Board’s Report and Notes to financial statements of this Integrated Annual Report.
- vi. the Company has amended the Policy on Dealing with and Materiality of Related Party Transactions in order to enhance the governance mechanism detailed in the policy and, to revise the threshold limits for RPTs in the ordinary course of business and on arm’s length basis. The Policy on dealing with and materiality of Related Party Transactions has been placed on the Company’s website and can be accessed at <https://www.asianpaints.com/RPTPolicy.html>.
- vii. The details of remuneration paid to the employee of the Company, who are relative(s) of Director(s) as on 31st March, 2023 is as under:

Name of the Employee	Nature of relationship with Director(s)	Remuneration (in ₹)
Varun Vakil	Relative of Amrita Vakil & Nehal Vakil	93,02,418*

- Notes:**
- a. * excludes eligible payout of deferred incentive.
 - b. In terms of Section 177 and other applicable provisions, if any, of the Act read with the Rules issued thereunder and the Listing Regulations, the appointment and remuneration payable to the aforesaid employee is approved by NRC and the Audit Committee and is noted by the Board of the Company and is at arm’s length and in the ordinary course of business of the Company.

- viii. Pursuant to Regulation 23(9) of the Listing Regulations, the Company has filed the half-yearly reports on related party transactions with the stock exchanges on which the shares of the Company are listed.

Report from an independent firm of accountants

The Company has obtained a report from an independent firm of accountants that the Company’s process of determination that the transactions with related parties are at arm’s length and in the ‘ordinary course of business’, is appropriate and that relevant approvals under the Act and the Listing Regulations have been obtained for such transactions.

- c. No loans/advances in the nature of debt were given to firms/companies in which Directors are interested.
- d. **Vigil Mechanism and Whistle Blower Policy:**
The Company is committed to highest standards of ethical, moral and legal business conduct.
The Company has adopted a Whistle Blower Policy and an effective vigil mechanism system to provide a formal mechanism to its Directors, employees and business associates to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also safeguards against victimisation of Directors/employees and business associates who avail of the mechanism.

During the year under review, the Whistle Blower Policy was amended to formally extend the whistle blower mechanism to all stakeholders of the Company including customers, suppliers, shareholders, and business associates, allowing them to also file protected disclosures in a prescribed manner.

The vigil mechanism as envisaged in the Act and the Listing Regulations is implemented through the Code of Conduct and Whistle Blower Policy.

The scope of the vigil mechanism also enables its stakeholders to report on any cases of leakage of unpublished price sensitive information and consequent non-compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“SEBI Insider Trading Regulations”).

In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director & CEO, the CFO & Company Secretary and the Chief Human Resources Officer for receiving and investigating all complaints and protected disclosures under this Policy.

Employees of the Company or business partners can make protected disclosures to the Ethics Committee through the Asian Paints Ethics Hotline (toll free number 000- 800-100-1622/web reporting facility <http://asianpaints.ethicspoint.com/>) and/or any other written communication by sending it to the Registered Office of the Company or via email to whistle.blower@asianpaints.com or oral means of communication.

The employees/Directors and business associates may, in exceptional cases, approach directly to the Chairman of the Audit Committee of the Board of the Company for registering complaints.

Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

No person was denied access to the Audit Committee of the Company with regards to the above.

The Whistle Blower Policy has been placed on the Company’s website and can be accessed at <https://www.asianpaints.com/WBPolicy.html>.

- e. In accordance with the provisions of Regulation 26(6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and senior managerial personnel have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.
- f. In accordance with provisions of Regulation 26(5) of the Listing Regulations, senior management personnel have affirmed that they do not have any personal interest relating to material, financial and commercial transactions which may have a potential conflict with the interest of the Company at large.
- g. The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets.

- h. There were no non-compliances by the Company and no instances of penalties or strictures which were imposed on the Company by SEBI, Stock Exchange(s) on which the shares of the Company are listed or any statutory authority on any matter related to the capital market during the last 3 years.
- i. The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Non-Mandatory Requirements:

- i. The Independent Chairman of the Company has been provided with a Chairman’s Office at the Registered Office of the Company.
- ii. The Chairman of the Board is a Non-Executive, Independent Director and his position is separate from that of the Managing Director & CEO. Further, the Chairman of the Company is not related to the Managing Director & CEO.
- iii. Quarterly and half-yearly financial results of the Company including summary of the significant events for the period ended 30th September are sent to all the shareholders, who have registered their email addresses with the Company and stock option grantees of the Company.
- iv. The Company discusses with the Institutional Investors and Equity Analysts on the Company’s performance on a periodic basis and presentations, if any, made during such meetings and calls are also available on the website of the Company at <https://www.asianpaints.com/more/investors/investors-landing-page.html?q=investor-presentations>
- v. During the year under review, there is no audit qualification on the Company’s financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.
- vi. The Chief Internal Auditor reports functionally to the Audit Committee of the Company and administratively to the Managing Director & CEO. He participates in the meetings of the Audit Committee of the Board of the Company and presents his internal audit observations to the Audit Committee and also participates in the meetings of the Risk Management Committee.

Report on Corporate Governance (Contd.)

- vii. The Company releases audited standalone financial results every quarter.
- viii. The Integrated Report has been prepared as per the Integrated Reporting <IR> framework by International Integrated Reporting Council.

Reasonable and limited assurance engagement on the agreed indicators in the Integrated Report including the Business Responsibility and Sustainability Report has been provided by Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016), in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (revised), ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standard Board (IAASB). The report is annexed to this Integrated Annual Report.

- j. **Subsidiary companies:**
The Company does not have any material subsidiary company in terms of Regulation 16 of the Listing Regulations. The synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company on quarterly basis and the minutes are uploaded on a secured web-based platform, for easy accessibility by the Directors. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of the Company.

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

The Policy for determining Material Subsidiaries has been uploaded on the Company's website at <https://www.asianpaints.com/PolicyforMaterialSubsidiaries.html>.

- k. **Website:**
The Company ensures dissemination of applicable information under Regulation 46(2) of the Listing Regulations on the Company's website at <https://www.asianpaints.com/more/investors/investors-landing-page.html?q=corporate-governance-at-asian-paints>.

This section includes detailed information about the Company. It includes details relating to the financial results declared by the Company, annual reports, presentations made by the Company to investors, press releases, shareholding patterns and such other material information which is relevant to shareholders.

The Company ensures the content on the websites is correct and updated on time-to-time basis.

- l. **Secretarial Compliance Report:**
SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24A of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder.

The said Secretarial Compliance Report is in addition to the Secretarial Audit Report by Practicing Company Secretary under Form No. MR-3 and is required to be submitted to the Stock Exchanges within 60 days from the end of the financial year.

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

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed to the Board's Report forming part of this Integrated Annual Report.

- m. **Certificate from Practicing Company Secretary:**
Certificate as required under Part C of Schedule V of the Listing Regulations, received from Mr. Makarand M. Joshi (COP: 3662), Partner of Makarand M. Joshi & Co., Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed and/or continuing as Directors of the Company by the SEBI/MCA or any such statutory authority, was placed before the Board of Directors at their meeting held on 11th May, 2023 and is set out as Annexure (C) to this Integrated Annual Report.

- n. **Total fees paid to Statutory Auditors of the Company:**

Total fees for the financial year 2022-23, paid by the Company and its subsidiaries, on a consolidated basis, to Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part, for all services taken from them is as follows:

Particulars	Amount (₹ In crores)
Statutory Audit Fees	3.51
Tax Audit Fees	0.24
Others (includes Other Services, Out-of-pocket expenses, etc.)	0.27
Total	4.02

- o. The Company has been impleaded in certain legal cases related to disputes over title to shares arising in the ordinary course of share transfer operations. However, none of these cases are material in nature, which may lead to material loss or expenditure to the Company.

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

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights.

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, the Company has adopted a gender neutral Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace, for the prevention of sexual harassment which is aimed at providing all employees a safe, secure and dignified work environment and constituted an Internal Complaints Committee to deal with complaints relating to sexual harassment at workplace.

Further, the Policy also gives shelter to contract workers, probationers, temporary employees, trainees, apprentices of the Company and any person visiting the Company at its office.

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace.

The details relating to the number of complaints received and disposed off during the financial year 2022-23 are as under:

Particulars	Number of complaints
Filed during the financial year	5
Disposed off during the financial year	4
Pending as at the end of the financial year	1*

Note: * Case pending for resolution is not beyond 90 days

The Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace has been uploaded on the Company's website at <https://www.asianpaints.com/POSHPolicy.html>.

- q. **Code of Conduct for Employees:**
The Company has adopted a Code of Conduct for Employees which provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all, and to avoid practices like bribery, corruption and anti-competitive practices.

Employees are mandated to undergo video based training modules and case studies embodying real-life examples upon joining the organisation as a part of their induction and annually as a part of periodic refresher trainings for all employees.

The Code of Conduct for Employees enjoins that everyone in the organisation must know and respect existing laws, accept and provide appropriate professional views, and be upright in his conduct and observe corporate discipline.

During the year under review, the Code of Conduct for Employees was amended for aligning the same to the Asian Paints' charter, its values, ESG matrices and focus areas, to include the policies and practices followed by the Company, to include guiding principles on which the Company conducts its business and implementation by employees of guiding principles.

The Code of Conduct for Employees is available on the website of the Company at <https://www.asianpaints.com/EmployeeCoC.html>.

Report on Corporate Governance (Contd.)

- r.

Code of Conduct for Board Members and Senior Management Personnel:
The Company has adopted a Code of Conduct for Board Members and Senior Management Personnel which provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all, and to avoid practices like bribery, corruption and anti-competitive practices.

During the year under review, the Code of Conduct for Board and Senior Management was amended to amend the definition of senior management thereby including the functional heads in addition to all senior management personnel identified as per the cadre in the Company.

All members of the Board and senior management personnel have affirmed compliance with the Code of Conduct for Board and senior management for the financial year 2022-23. A declaration to this effect duly signed by Mr. Amit Syngle, Managing Director & CEO of the Company is annexed as Annexure (D) to this Integrated Annual Report.

The Code of Conduct for Board Members and Senior Management Personnel is available on the website of the Company at <https://www.asianpaints.com/CodeofConductBODSM.html>.

The Board of Directors shall review this Code once in 3 years and every subsequent modification, alteration or amendment made thereto, shall be promptly disclosed on the Company’s website.
- s.

Code of Conduct for Business Partners
During the year under review, the Company adopted a formal Code of Conduct for its Business Partners (Business Partners includes suppliers/dealers/service providers/vendors/traders/agents/consultants/contractors/sub-contractors/joint venture partners/third parties, acting directly and/or through their representatives, engaged by Asian Paints, in the normal course of business).

The Company has developed the Code of Conduct for Business Partners to emphasise its commitments in the areas of business integrity, human rights, labour practices and environment stewardship. The Code of Conduct for Business Partners is available on the website of the Company at <https://www.asianpaints.com/CodeofConductforBusinessPartners.html>.
- t.

Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:
In accordance with the SEBI Insider Trading

Regulations, the Company has a Code of Conduct to Regulate, Monitor and Report trading by Designated Person (“Code for Prevention of Insider Trading”) and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (“Code of Fair Disclosure”). Further, the Company has established systems and procedures to prohibit insider trading activity.

The Code for Prevention of Insider Trading is reviewed and amended suitably from time to time, to incorporate the amendments carried out by SEBI. During the year under review, the Code for Prevention of Insider Trading was amended to revise certain definitions forming part of Code for Prevention of Insider Trading.

All compliances relating to the Code of Conduct for Prevention of Insider Trading are being managed through a web-based portal onboarded by the Company. The Company periodically circulates the informative emails on Prevention of Insider Trading, Do’s and Don’ts, etc. to the employees to familiarise them with the provisions of the Code for Prevention of Insider Trading and educate and sensitize them on various aspects of Code for Prevention of Insider Trading. The management also conducted several trainings and workshops with the Designated Persons to create awareness on various aspects of the Code for Prevention of Insider Trading and the SEBI Insider Trading Regulations and to ensure that the internal controls are adequate and effective to ensure compliance.

These activities have created substantial awareness amongst the Designated Persons. During the year under review, the Audit Committee has reviewed the compliance with the provisions of the SEBI Insider Trading Regulations and has verified that the systems for internal controls are adequate and operating effectively.

The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations to the Board with respect to action taken against such defaulters in accordance with the penalty framework.

The said non-compliances are promptly intimated to the Stock Exchanges in the prescribed format and penalty, if any, is being directly deposited by the Designated Person with SEBI’s Investor Protection and Education Fund.

The Board has also formulated a Policy for determination of ‘legitimate purposes’ as a part of

- the Code of Fair Disclosure as per the requirements of the SEBI Insider Trading Regulations.
- The Code for Prevention of Insider Trading and Code of Fair Disclosure have been uploaded on the Company’s website at <https://www.asianpaints.com/CodeforFairDisclosure.html>.
- During the year under review, the Company engaged a reputed Practicing Company Secretaries firm (“PCS”) to audit the processes of the Company with respect to compliance requirements of the SEBI Prevention of Insider Trading Regulations.
- The PCS found the practices and procedures to be in compliance with the SEBI Insider Trading Regulations and made certain recommendations to further strengthen the governance practices. The management has implemented the recommendations of the PCS.
- u.

Policy on engagement of Statutory Auditors
During the year under review, the Company has adopted Policy on engagement of Statutory Auditors of the Company. The objective of the Policy is to act as a guideline for establishing proper procedures for determining, *inter alia*, qualification, eligibility, and procedure for appointment/re-appointment/removal of the statutory auditors that conform with the extant norms of applicable laws and regulations. The Policy on engagement of Statutory Auditors is available at <https://www.asianpaints.com/AuditorsEngagementPolicy.html>.
- v.

Advocacy Policy
During the year under review, the Company had adopted the Advocacy Policy. The Policy states the commitment of the Company to open and transparent engagements that create the sustainable future, advance economic value, and promotes trust in Company’s vision of ‘Bringing joy to people’s lives’. The Advocacy Policy is available at <AsianPaintsLimited-AdvocacyPolicy.pdf>.
- w.

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

- x.

There are no non-compliances of any requirements of Corporate Governance Report, as per sub-para (2) to (10) of Schedule V Part C of the Listing Regulations.
- y.

Commodity price risk or foreign exchange risk and hedging activities
The disclosure of commodity price risk or foreign exchange risk and hedging activities is given in the “General Shareholder Information” section, which forms an integral part of this Integrated Annual Report.
- z.

Means of communication
The Company promptly discloses information on material corporate developments and other events as required under the Listing Regulations. Such timely disclosures indicate the good corporate governance practices of the Company. For this purpose, it provides multiple channels of communications through dissemination of information on the online portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.
- i)

Publication of financial results:
Quarterly, half-yearly and annual financial results of the Company are published in leading English and Marathi language newspaper, viz., all India editions of Economic Times, Mumbai edition of Free Press Journal, Navshakti & Business Standard, NavGujarat Samay and Maharashtra edition of Maharashtra Times.
- ii)

Website and News Releases:
In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under ‘Investors’ i.e. ‘Disclosure under Regulation 46 of the Listing Regulations’ on the Company’s website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half-yearly/Nine-months and Annual financial results along with the applicable policies of the Company.

The Company’s official news releases and presentations made to the institutional investors and analysts are also available on the Company’s website at <https://www.asianpaints.com/more/investors/investors-landing-page.html?q=investor-presentations>.

Quarterly Compliance Reports on Corporate Governance and other relevant information of interest to the Investors are also placed under the Investors Section on the Company’s website.

Report on Corporate Governance (Contd.)

iii) Analysts presentations:

In compliance with Regulation 46 of the Listing Regulations, the presentations, audio recordings, video recordings and transcripts of investors conference call on performance of the Company are placed on the Company’s website for the benefit of the institutional investors, analysts and other shareholders.

The Company also conducts calls/meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. These calls are attended by the Managing Director & CEO, CFO & Company Secretary, Associate Vice President – Finance and representatives of Corporate Communications.

During the year under review, the Company held an investor meet to brief the stakeholders on the rationale for the investments made by the Company in Obgenix Software Private Limited (popularly known by the brand name “White Teak”), engaged in business of premium lighting products & fans and Weatherseal Fenestration Private Limited, (popularly known by its brand name “Weatherseal”), manufacturers of UPVC doors & windows, and the next step forward in the Company’s foray of being a complete home décor solution provider.

The Company also uploaded on its website transcript and audio recordings of the said meet on a voluntary basis.

iv) Stock Exchange:

The Board of Directors has approved a Policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges.

The Managing Director & CEO and the CFO & Company Secretary are empowered to decide on the materiality of information for the purpose of making disclosures to the Stock Exchanges.

During the year, under review, the Policy was amended to exclude the list of material events/information replicated as per the Listing Regulations as an annexure to the Policy and revise the ‘amendment to policy’ clause to allow the management to amend the Policy in line with amendments to the law from time to time.

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

The financials results of the Company are submitted to the Stock Exchanges immediately upon approval of the Board of Directors at the meeting and the meeting of the Board of Directors thereafter continues till its scheduled time, in order to minimise the time taken for dissemination of Unpublished Price Sensitive Information. The Policy for determining materiality of events is available at <https://www.asianpaints.com/MaterialityPolicy.html>.

v) Exclusive email ID for investors:

The Company has a designated email id i.e. investor.relations@asianpaints.com exclusively for investor servicing and the same is prominently displayed on the Company’s website.

vi) NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & the Listing Centre:

NEAPS and BSE Listing are web-based application designed by NSE and BSE, respectively, for corporates to make submissions. All periodical compliance filings, *inter alia*, shareholding pattern, corporate governance report, corporate announcements, amongst others, are filed electronically in accordance with the Listing Regulations. Further, in compliance with the provisions of the Listing Regulations, all the disclosures made to the Stock Exchanges are in a format that allows users to find relevant information easily through a searching tool.

vii) Reminders to Investors:

Reminders are, *inter alia*, sent to shareholders for registering their PAN, KYC & Nomination detail and claimed unclaimed dividend and transfer of shares thereto.

viii) Green Initiatives:

In compliance with the provisions of Section 20 of the Act and as a continuing endeavour towards the ‘Go Green’ initiative, the Company proposes to send all correspondence/communications through email to those shareholders who have registered their email id with their depository participant’s/Company’s RTA.

General Shareholder Information

1.	CORPORATE IDENTIFICATION NUMBER	L24220MH1945PLC004598
2.	REGISTERED OFFICE	Asian Paints Limited 6A, Shantinagar Santacruz (East) Mumbai – 400 055
3.	ANNUAL GENERAL MEETING	
	Day & Date	Tuesday, 27 th June, 2023
	Time	11.00 a.m. IST
	Venue	Annual General Meeting (“AGM”) would be held through video conference/other audio visual means [Deemed venue for meeting: Registered Office of the Company]
4.	E-VOTING DETAILS	
	Cut-off date	Tuesday, 20 th June, 2023 Shareholders whose names appear in the Register of Members of the Company or Register of Beneficial Owners maintained by the Depositories as on the cut-off date shall be eligible to vote either through remote e-voting or e-voting during the AGM.
	E-voting start date and time	Friday, 23 rd June, 2023 at 9.00 a.m. IST
	E-voting end date and time	Monday, 26 th June, 2023 at 5.00 p.m. IST
5.	FINANCIAL CALENDAR	
	Financial Year	1 st April to 31 st March
	Tentative schedule for declaration of financial results during the financial year 2023-24	
	Quarter ending 30 th June, 2023	Tuesday, 25 th July, 2023
	Quarter and half-year ending 30 th September, 2023	Thursday, 26 th October, 2023
	Quarter and nine-months ending 31 st December, 2023	Wednesday, 17 th January, 2024
	Quarter and financial year ending 31 st March, 2024	Around 1 st week of May, 2024
6.	LISTING DETAILS	
	Name of Stock Exchange(s) & stock codes	Address
	BSE Limited (“BSE”) – 500820	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001
	National Stock Exchange of India Limited (“NSE”) – ASIANPAINT	Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
7.	ISIN FOR DEPOSITORIES	INE021A01026

Payment of Listing Fees: Annual listing fees for the financial year 2023-24 has been paid by the Company to BSE and NSE.

Payment of Depository Fees: Annual Custody/Issuer fees for the financial year 2023-24 has been paid by the Company to National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”).

General Shareholder Information (Contd.)

8. SHAREHOLDERS' VALUE CREATION

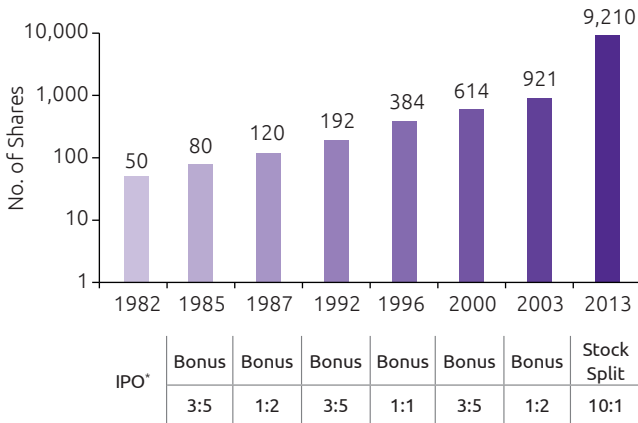
(i) Details of the dividend declared and paid by the Company for the last 5 years

Year	Percentage (%)	In ₹ per share (Face value of ₹ 1 each)	Dividend amount (₹ in Crores)
2017-18	870	8.70	834.50
2018-19	1,050	10.50	1,007.16
2019-20	1,200	12.00	1,151.04
2020-21	1,785	17.85	1,712.17
2021-22	1,915	19.15	1,836.86
2022-23^	2,565	25.65	2,460.34

Notes:

^ Includes the final dividend of ₹ 21.25 for the financial year 2022-23 recommended by the Board of Directors, subject to approval of shareholders at the ensuing AGM.

(ii) Bonus issues and stock split



* Shares of face value of ₹ 10 each issued at a premium of ₹ 13 per share.

The above graph depicts the increase in the number of Asian Paints shares as a result of the Company's bonus issues over the years and a stock split in 2013 in the ratio of 10:1. For example, if an investor held 50 shares in 1982 during Initial Public Offer ("IPO") and continued to hold it, he/she would have 9,210 shares today owing to the bonus share issues and stock split.

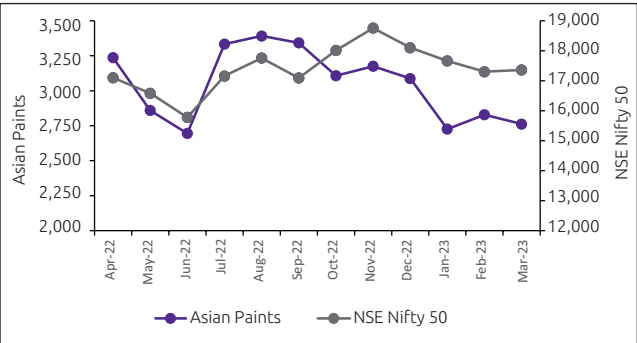
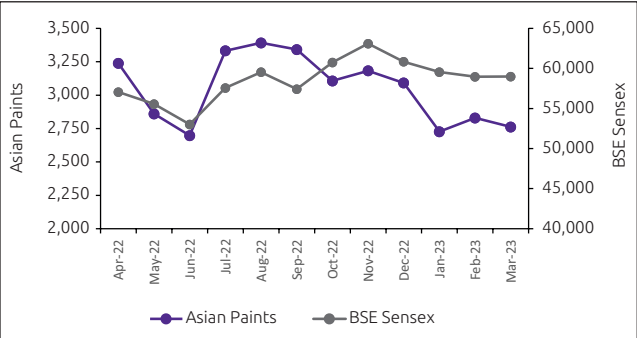
Over the course of 41 years since the IPO, the shareholder wealth has grown at a CAGR of ~ 28%.

9. MARKET PRICE DATA – THE MONTHLY HIGH AND LOW PRICES OF THE COMPANY'S SHARES AT BSE AND NSE FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2022	3,276.55	2,970.00	3,278.00	2,970.00
May, 2022	3,210.50	2,719.50	3,211.50	2,718.55
June, 2022	2,940.40	2,560.25	2,939.90	2,560.00
July, 2022	3,354.50	2,686.85	3,354.35	2,685.00
August, 2022	3,543.00	3,241.35	3,545.65	3,236.70
September, 2022	3,590.00	3,231.90	3,582.90	3,231.30
October, 2022	3,367.45	3,033.00	3,368.35	3,033.00
November, 2022	3,200.15	3,034.60	3,199.95	3,033.50
December, 2022	3,242.75	3,018.00	3,242.35	3,018.00
January, 2023	3,091.90	2,686.15	3,087.90	2,685.85
February, 2023	2,851.90	2,694.05	2,852.00	2,694.00
March, 2023	2,920.00	2,740.35	2,923.95	2,740.05

10. STOCK PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES

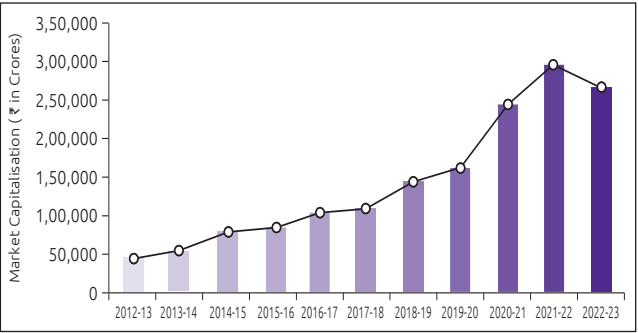
The chart below shows the comparison of the Company's monthly share price movement vis-à-vis the movement of the BSE Sensex and NSE Nifty 50 for the financial year ended 31st March, 2023 (based on the month end closing):



Source: BSE & NSE websites.

11. MARKET CAPITALISATION

The chart below represents the market capitalisation of the Company based on the year end closing prices quoted on BSE:



Source: BSE website.

12. IN CASE THE SECURITIES OF THE COMPANY ARE SUSPENDED FROM TRADING, REASONS THEREOF

The securities of the Company were not suspended from trading during the year under review.

13. REGISTRAR AND SHARE TRANSFER AGENT & SHARE TRANSFER SYSTEM

TSR Consultants Private Limited ("TSR") is the Registrar and Share Transfer Agent ("RTA") of the Company. Transmission, dematerialisation of shares, issue of duplicate share certificates, dividend payment and all other shareholder related matters are attended to and processed by the Company's RTA.

Shareholder transactions

With effect from 1st April, 2019, Securities and Exchange Board of India ("SEBI") has barred physical transfer of shares of listed companies and mandated transfers only in demat mode.

SEBI in continuation of its efforts to enhance ease of dealing in securities market by investors has mandated the listed entities to issue securities for the following service requests only in dematerialised form: issue of duplicate securities certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition.

Further, during the year under review SEBI has also simplified the process for transmission of shares and issue of duplicate share certificates to make it more efficient and investor friendly.

The manner and process of making application as per the aforesaid revised framework and operational guidelines thereto is available on the website of the RTA at <https://www.tcplindia.co.in/client-downloads.html> and the Company at <https://www.asianpaints.com/ShareholderServiceRequest.html>.

Requests for dematerialisation of shares are processed by RTA and confirmation thereof is given to the respective depositories i.e., NSDL and CDSL, within the statutory time limit from the date of receipt of share certificates after due verification.

The Board of Directors of the Company have delegated the authority to approve the transmission, dematerialisation of shares, etc. jointly to Managing Director & CEO and CFO & Company Secretary of the Company. A summary of approved transmissions, dematerialisation of shares, etc. is placed before the Board of Directors from time to time as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Transactions involving issue of share certificates, namely, issuance of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates, etc. are approved by the Stakeholders Relationship Committee of the Board of Directors of the Company.

The Company on a yearly basis files with the Stock Exchanges:

- a compliance certificate duly signed by both, the Compliance Officer of the Company and the authorised representative of the RTA certifying that all activities in relation to share transfer facility is maintained by TSR Consultants Private Limited, Registrar and Share Transfer Agent registered with the SEBI.
- a certificate of compliance from a Company Secretary in practice confirming issue of share certificates within a period of 30 days of lodgement of the investor service request as prescribed under Regulation 40(9) of the Listing Regulations.

The Company along with RTA has framed Standard Operating Procedure(s) ("SOPs") for dealing and addressing all the investor service requests. The Company and RTA constantly evolves on these process documents to ensure that the shareholder practices are investor friendly and effective in time.

General Shareholder Information (Contd.)

During the year, all the request(s) received from the shareholders by the Company or its RTA were addressed in accordance with the timelines as provided by the Statutory Authorities, from time to time.

Legal proceedings

There are certain pending cases related to disputes over title to shares in which the Company had been made a party, however, these cases are not material in nature.

Shareholder engagement

The officials of the Company and RTA on a continuous basis engages with the shareholders, to explain them the procedure and documents required for processing their service requests. Once the Company or RTA establishes contact with the shareholders, all the efforts are made to enable the shareholders to submit requisite and valid documents and approve their service request in one go.

The Company has always regarded shareholder engagement as one of the key anchors towards achieving a better corporate governance.

14. INVESTOR GRIEVANCE & INVESTOR CONTACTS

The Company has authorised the Stakeholders Relationship Committee ("SRC") of the Board of Directors to examine and redress complaints by shareholders and investors. The status of quarterly complaints is reported to the Board of Directors.

The Company and its RTA constantly monitors the Investor Complaint Module as available on the BSE Corporate Compliance & the Listing Centre, NSE Electronic Application Processing System and SEBI Complaints Redress System ("SCORES") to track and redress the investor complaints in a speedy manner.

SEBI has requested the members to approach the Company directly at the first instance for their grievance. If the Company does not resolve the complaint of the shareholders within stipulated time, then they may lodge the complaint with SEBI/Stock Exchanges for further action.

The Company attended most of the shareholder correspondence received through electronic communication within a period of 7 days and postal communication within a period of 12 days from the date of receipt. The exceptions have been for cases constrained by disputes or legal impediments.

During the year under review, the Company received following complaints:

Nature of complaints	Number of complaints received	Number of complaints redressed	Number of pending complaints
Non-receipt of annual report	14	14	0
Non-receipt of dividend	40	40	0
IEPF related	12	12	0
Issue of share certificate	18	18	0
KYC updation	11	11	0
Others	23	21	2
Total	118	116	2

Notes:

1. No complaint outstanding as on 1st April, 2022.
2. Nature of complaints in the category "Others" includes non-receipt of split shares, legal matters, TDS on dividend, etc.
3. 2 complaints pending as on 31st March, 2023 have been addressed, however, the same were pending then for closure by SEBI.
4. To the best of our knowledge, all the complaints were resolved to the satisfaction of the complainants.

For any grievances/complaints, shareholders may contact the RTA at csq-unit@tcplindia.co.in. For any escalations, shareholders may write to the Company at investor.relations@asianpaints.com.

Investors' Grievance Redressal Policy

The Company believes that shareholders of the Company should be able to communicate their grievances and obtain redressal for violation of their rights. In order to facilitate this, the Company must have a transparent framework for handling shareholder grievances, which would help shareholders to register and escalate their grievances to the relevant authorities.

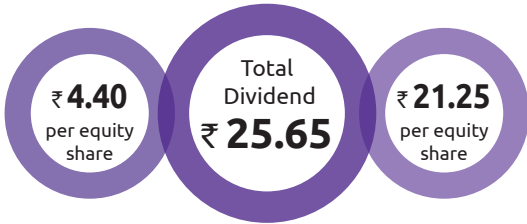
In continuation of the Company's endeavour to strengthen it's investor relations and corporate governance practices, the Company during the year under review has adopted an Investors' Grievance Redressal Policy covering the following:

- a. Classification of correspondence versus complaints.
- b. Identified list of personnel from the Company for redressal of complaints.
- c. Process followed by the Company for handling investor complaints.
- d. Escalation matrix for investor grievances and resolution mechanism.

The members may access the said Policy on the website of the Company at <https://www.asianpaints.com/IGRPpolicy.html>.

15. DIVIDEND

Interim Dividend for FY 2022-23
Declaration date: 20 th Oct, 2022
Record date: 1 st Nov, 2022
Payment date: 10 th Nov, 2022



Final Dividend for FY 2022-23*
Date of recommendation: 11 th May, 2023
Record date: 9 th Jun, 2023
Payment date: on or after 30 th Jun, 2023

Dividend payout ratio for the financial year 2022-23 is 60%

* subject to approval of shareholders at the ensuing 77th AGM.

The Company provides the facility for remittance of dividend to members through DC (Direct credit)/NACH (National Automated Clearing House)/NEFT (National Electronic Funds Transfer). In cases where the core banking account details are not available, the Company will issue the dividend warrants/ demand drafts mentioning the existing bank details available with the Company.

Members who have not opted for remittance of dividend through electronic mode and wish to avail the same are required to provide their bank details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective Depository Participants ("DPs") for shares held in demat form or to the Company's RTA for shares held in physical form, as the case may be, in order to ensure safe and speedy credit of their dividend into their Bank account.

Dividend income is taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. A separate email communication was sent to the members on Friday, 12th May, 2023, informing the relevant procedure to be adopted by them/documents to be submitted for availing the applicable tax rate. The said communication and draft of the exemption forms and other documents are available on the Company's website at <https://www.asianpaints.com/TDSExemptionForms.html>.

The Company sends TDS certificate to the shareholders at their registered email id or postal address, as the case may be, post payment of the dividend in terms of applicable provisions of the law.

Voluntary measures to reduce quantum of unclaimed dividend

The Company, *inter alia*, has undertaken following initiatives during the year under review to reduce the quantum of unclaimed dividend(s):

- a. Half-yearly reminders are sent to the shareholders of the Company to claim their outstanding dividend(s).
- b. *Suo motu* credit of outstanding dividend(s) are being made to the bank account(s) of shareholders on registration of their bank details.

Details of unclaimed dividend

The details of the outstanding unclaimed dividend and corresponding due dates for transfer to IEPF as on 31st March, 2023 are as under:

Sr. No.	Particulars of dividend	Amount (in ₹)	Due dates of transfer to IEPF
1.	Final Dividend 2015-16	1,69,90,258.80	2 nd September, 2023
2.	Interim Dividend 2016-17	96,47,352.00	30 th December, 2023
3.	Final Dividend 2016-17	2,55,04,618.05	2 nd September, 2024
4.	Interim Dividend 2017-18	90,05,804.60	28 th December, 2024
5.	Final Dividend 2017-18	1,88,45,737.90	1 st September, 2025
6.	Interim Dividend 2018-19	83,26,585.93	26 th December, 2025
7.	Final Dividend 2018-19	2,18,32,442.10	31 st August, 2026
8.	1 st Interim Dividend 2019-20	91,54,814.05	26 th December, 2026
9.	2 nd Interim Dividend 2019-20	2,14,74,796.20	30 th April, 2027
10.	Final Dividend 2019-20	33,76,063.00	12 th October, 2027

General Shareholder Information (Contd.)

Sr. No.	Particulars of dividend	Amount (in ₹)	Due dates of transfer to IEPF
11.	Interim Dividend 2020-21	73,92,304.50	18 th January, 2028
12.	Final Dividend 2020-21	3,38,52,879.00	1 st September, 2028
13.	Interim Dividend 2021-22	83,51,037.00	21 st December, 2028
14.	Final Dividend 2021-22	3,59,33,682.00	30 th August, 2029
15.	Interim Dividend 2022-23	1,01,69,359.00	21 st December, 2029

16. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Sections 124 and 125 of the Companies Act, 2013 (“the Act”) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) (“IEPF Rules”), dividend, if not paid or claimed for a period of 7 years from the date of transfer to Unclaimed Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund (“IEPF”).

Further, according to the Act read with the IEPF Rules, all the shares in respect of which dividend has not been paid or claimed by the shareholders for 7 consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

During the year under review, the Company had sent individual notices and issued advertisements in the newspapers, requesting the shareholders to claim their dividends in order to avoid transfer of shares/ dividends to the IEPF. Details of the unclaimed dividend and shareholders whose shares are liable to be transferred to the IEPF Authority are available on the website of the Company at <https://www.asianpaints.com/IEPF.html>.

The details of the unclaimed dividends and corresponding shares transferred to IEPF during the financial year 2022-23 are as follows:

Particulars	Amount of unclaimed dividend (in ₹)	No. of shares
Final Dividend 2014-15	1,00,44,118	2,01,311
Interim Dividend 2015-16	47,89,874	56,487
Total	1,48,33,992	2,57,798

Notes:

- As on 31st March, 2023, the Company has transferred to IEPF an amount of ₹ 5,85,66,305.30 after deduction of applicable tax as corporate benefits (dividend) arising on shares already transferred to IEPF.
- Total number of shares outstanding in the demat account of the IEPF Authority as on 31st March, 2023 stood at 13,35,885 shares in comparison to 11,07,007 shares as on 31st March, 2022. Total number of shares released by IEPF Authority in favour of the shareholders during the financial year 2022-23 is 28,920 shares.
- In the financial year 2023-24, the Company would be transferring unclaimed final dividend amount for the financial year ended 31st March, 2016 on or before 2nd September, 2023 and unclaimed interim dividend amount for the financial year ended 31st March, 2017 on or before 30th December, 2023 to the IEPF.

Change in process of claiming shares and dividend from IEPF

IEPF Authority vide its Office Memorandum dated 20th July, 2022 has revised the process of claiming the shares and dividends from IEPF Authority, whereby the claimant(s) are now advised to first approach the Company for entitlement letter along with all the required documents before filing of claim application with the IEPF Authority.

Once the Company has received and verified all the requisite documents it will then issue an entitlement letter along with all the required details to file web form IEPF-5 within a period of 30 days. The claimant(s) shall thereafter file web form IEPF-5 with the IEPF Authority along with entitlement letter and other supporting documents.

The claimant(s) shall then submit the self-attested copy of form IEPF-5, its acknowledgment and duly executed Indemnity Bond in an envelope marked as “Claim for refund from IEPF Authority” at the registered office address of the Company in the name of the “Nodal Officer of the Company”, to enable the Company to file the e-verification report of the claim within the prescribed timeline of 30 days.

This process will reduce the instance of claim applications being rejected by the Company/IEPF Authority on account of incomplete and/or non-receipt of required documents.

Nodal and Deputy Nodal Officer

In accordance with the IEPF Rules, the Board of Directors of the Company have appointed the following as the Nodal Officer and Deputy Nodal Officer:

Nodal Officer	Deputy Nodal Officer
R J Jeyamurugan CFO & Company Secretary	Saloni Arora Deputy Company Secretary

Contact information of the Nodal Officer for the purpose of co-ordination with the IEPF Authority are available on the website of the Company at <https://www.asianpaints.com/IEPF.html>.

IEPF assistance week organised by the Company

In order to assist shareholders of the Company whose shares and/or dividend(s) were transferred to IEPF, the Company organised “IEPF Assistance Week” from Monday, 20th March, 2023 to Friday, 24th March, 2023. The said programme was organised both virtually and in person at the registered office of the Company.

During IEPF assistance week, officials of the Company and TSR assisted the claimants in understanding the procedure for filing claim application, reviewing the documents, resolving discrepancies in their application, e-filing web form IEPF-5 and seeking the status of the claim application filed with the IEPF Authority.

The Company assisted around 100+ shareholders/ claimants during this week.

Initiatives launched by the IEPF Authority

a. Special window facility for senior citizens

IEPF Authority vide its Circular dated 7th June, 2022 has launched a special window facility for senior citizens of age 75 years & above as part of Azadi Ka Amrit Mahotsav, an initiative of Government of India to commemorate 75 years of Independence. As part of the said facility, the claim applications made by the senior citizens of age 75 years and above are auto-prioritised in MCA-21 system after receipt of e-verification report from the companies.

b. Stakeholders’ facilitation services

In furtherance to responsive governance and better facilitation to the stakeholders at large, the IEPF Authority in addition to its existing service helpline has launched an exclusive facilitation service for all the stakeholders on every working Friday between 3:00 p.m. to 5:00 p.m. through video conferencing mechanism with effect from 1st April, 2022. During the said video conference, senior officers of IEPF Authority are available to respond to queries and resolve grievances of stakeholders.

Further details in this regard is available on the website of IEPF Authority at www.iepf.gov.in.

17. DISCLOSURE IN RESPECT OF EQUITY SHARES TRANSFERRED TO UNCLAIMED SUSPENSE ACCOUNT AND SUSPENSE ESCROW DEMAT ACCOUNT

Asian Paints Limited – Unclaimed Suspense Account

In accordance with the requirements of Regulations 34 and 39 read with Schedule V(F) of the Listing Regulations details of equity shares in Asian Paints Limited – Unclaimed Suspense Account are as follows:

	Particulars	No. of shareholders	No. of equity shares
Opening Balance	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying as on 1 st April, 2022	272	5,08,410
Less	Number of shareholders who approached the Company for transfer of shares and shares transferred from unclaimed suspense account during the year	16	21,180
Less	Number of shareholders whose shares got transferred from unclaimed suspense account to IEPF during the year	59	1,62,860
Closing Balance	Aggregate number of shareholders and outstanding shares lying in the unclaimed suspense account as on 31 st March, 2023	197	3,24,370

General Shareholder Information (Contd.)

Asian Paints Limited – Suspense Escrow Demat Account

In accordance with the requirements of SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2022/8 dated 25th January, 2022 the Company has opened a Suspense Escrow Demat Account with the DP for transfer of shares lying unclaimed for more than 120 days from the date of issue of Letter of Confirmation to the shareholders in lieu of physical share certificate(s) to enable them to make a request to DP for dematerialising their shares.

During the year under review, 2000 shares pertaining to 1 shareholder were transferred to the Company's Suspense Escrow Demat Account. Further, no request was received from shareholder for release of

shares from the said suspense escrow demat account of the Company.

All the corporate benefits against these shares like bonus shares, split, etc., would also be transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account of the Company. While the dividend for the shares which are lying in Unclaimed Suspense Account and Suspense Escrow Demat Account would be credited back to the relevant dividend accounts of the Company.

The voting rights on shares lying in Unclaimed Suspense Account and Suspense Escrow Demat Account shall remain frozen till the rightful owner claims the shares.

18. SHAREHOLDING DETAILS

Distribution of shareholding of shares of the Company as on 31st March, 2023

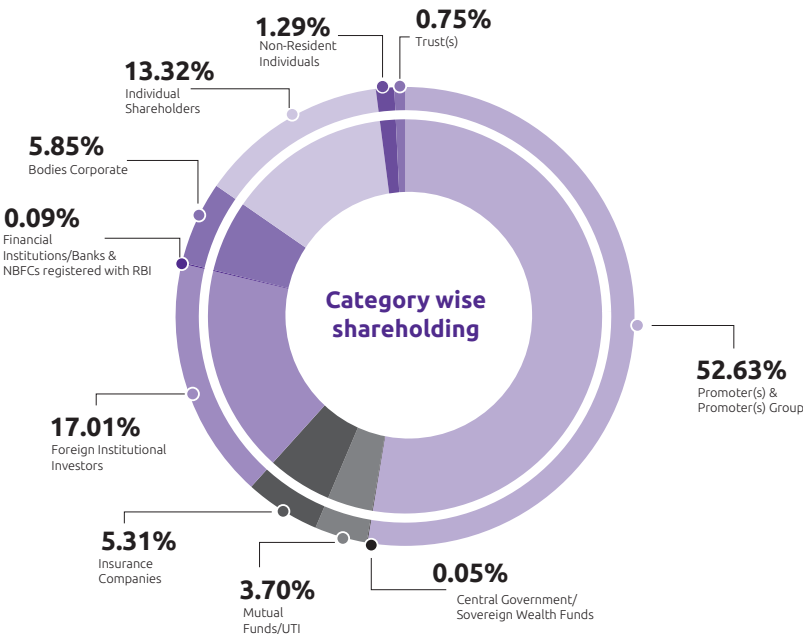
No. of shares	No. of shareholders	% to total	Shareholding	% to total
Upto 50	9,58,065	84.86	1,10,28,833	1.15
51-100	76,296	6.76	58,31,714	0.61
101-200	41,873	3.71	62,36,565	0.65
201-300	13,418	1.19	33,90,187	0.35
301-400	6,272	0.55	22,32,076	0.23
401-500	4,817	0.43	22,61,677	0.23
501-1,000	9,048	0.80	67,82,714	0.71
1,001-5,000	13,067	1.16	3,26,77,879	3.41
5,001-10,000	3,296	0.29	2,52,02,216	2.63
10,001 and above	2,888	0.25	86,35,53,929	90.03
Total	11,29,040	100.00	95,91,97,790	100.00

Shareholding Pattern of the Company

Category of shareholder(s)	31 st March, 2023		31 st March, 2022		Change (%)
	No. of shares	% of Total no. of shares	No. of shares	% of Total no. of shares	
(A) SHAREHOLDING OF PROMOTER(S) & PROMOTER(S) GROUP					
(1) Individuals/Hindu Undivided Family	10,05,01,601	10.48	10,05,01,601	10.48	0.00
(2) Bodies Corporate	40,34,97,883	42.07	40,34,97,883	42.07	0.00
(3) Trust	7,85,700	0.08	7,85,700	0.08	0.00
Total Shareholding of Promoter(s) & Promoter(s) Group (A)	50,47,85,184	52.63	50,47,85,184	52.63	0.00

Category of shareholder(s)		31 st March, 2023		31 st March, 2022		Change (%)
		No. of shares	% of Total no. of shares	No. of shares	% of Total no. of shares	
(B) PUBLIC SHAREHOLDING						
(1) Institutions						
i)	Mutual Funds/UTI	3,54,80,427	3.70	3,04,89,736	3.18	0.52
ii)	Financial Institutions/Banks	9,03,643	0.09	5,73,722	0.06	0.03
iii)	Central Government/Sovereign Wealth Funds	4,47,719	0.05	4,03,162	0.04	0.01
iv)	Insurance Companies	5,09,60,273	5.31	3,23,11,398	3.37	1.94
v)	Foreign Institutional Investors	16,31,74,737	17.01	18,65,30,056	19.45	(2.44)
Sub-total (B)(1)		25,09,66,799	26.16	25,03,08,074	26.10	0.06
(2) Non-Institutions						
i)	Bodies Corporate	5,61,12,731	5.85	6,00,32,192	6.26	(0.41)
ii)	Individuals					
	(a) Individual shareholders holding nominal share capital up to ₹ 1 lakh	11,93,18,506	12.44	11,76,09,621	12.26	0.18
	(b) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	84,10,007	0.88	83,77,394	0.87	0.01
iii)	Non-Resident individuals	1,23,41,659	1.29	1,21,04,118	1.26	0.03
iv)	NBFCs registered with Reserve Bank of India (RBI)	6,248	0.00	6,216	0.00	0.00
v)	Trust(s)	72,56,656	0.75	59,74,991	0.62	0.13
Sub-total (B)(2)		20,34,45,807	21.21	20,41,04,532	21.27	(0.06)
Total Public Shareholding (B)=(B)(1)+(B)(2)		45,44,12,606	47.37	45,44,12,606	47.37	-
Total (A)+(B)		95,91,97,790	100.00	95,91,97,790	100.00	-

Category wise shareholding as on 31st March, 2023



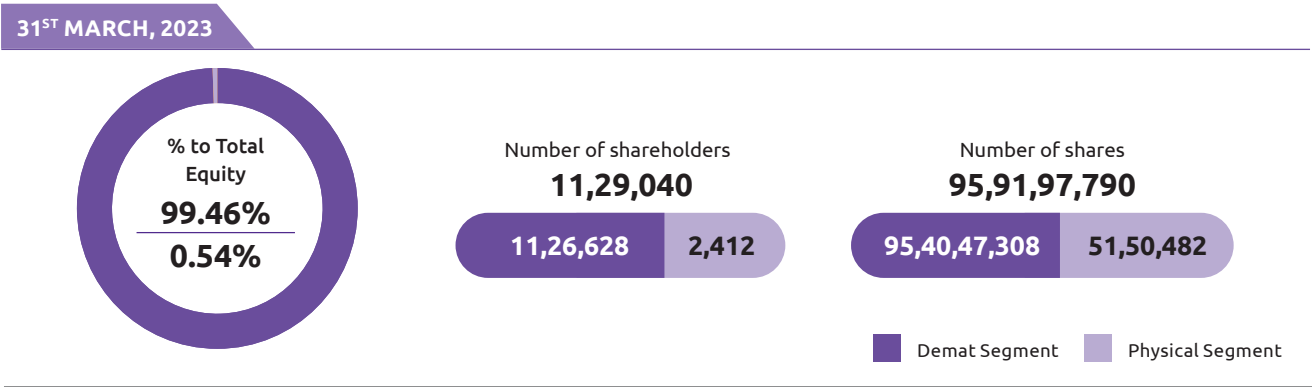
General Shareholder Information (Contd.)

Top 10 shareholders of the Company as on 31 st March, 2023					
Sr. No.	Name of shareholder(s)	Category	Sub-category	No. of shares held*	% of shares held
1.	Smiti Holding and Trading Company Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	5,53,39,068	5.77
2.	Sattva Holding and Trading Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	5,47,89,183	5.71
3.	Teesta Retail Private Limited	Public	Bodies Corporate	4,69,87,850	4.90
4.	Geetanjali Trading and Investments Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	4,57,06,140	4.77
5.	Life Insurance Corporation of India	Public	Insurance Companies	3,64,76,385	3.80
6.	Elcid Investments Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	2,83,13,860	2.95
7.	Gujarat Organics Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	2,31,50,730	2.41
8.	Sudhanava Investments and Trading Company Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	1,90,01,760	1.98
9.	Rupen Investment and Industries Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	1,88,49,825	1.97
10.	Satyadharma Investments and Trading Company Private Limited	Promoter(s) & Promoter(s) Group	Promoter(s) Group	1,83,34,280	1.91
Total				34,69,49,081	36.17

* shareholding has been consolidated on the basis of the name of the first holder and Permanent Account Number ("PAN").

19. DEMATERIALISATION OF SHARES

Break up of shares in physical and demat form



General Shareholder Information (Contd.)

The documents will also be accepted at the registered office of the Company.

Shareholders are requested to quote their folio no./ DP ID & Client ID, email address, telephone no. and full address while corresponding with the Company and its RTA.

26. ADDRESS OF THE REDRESSAL AGENCIES FOR INVESTORS TO LODGE THEIR GRIEVANCES

Regulatory Authorities:	
Ministry of Corporate Affairs	‘A’ Wing, Shastri Bhawan Rajendra Prasad Road New Delhi – 110 001 Tel. Nos.: (011) 2338 4660, 2338 4659 Website: www.mca.gov.in
Securities and Exchange Board of India	Plot No. C4-A, ‘G’ Block Bandra-Kurla Complex Bandra (East) Mumbai – 400 051 Tel. Nos.: (022) 2644 9000/4045 9000/ (022) 2644 9950/4045 9950 Fax Nos.: (022) 2644 9019-22/4045 9019-22 Toll Free Investor Helpline: 1800-227-575 Email: sebi@sebi.gov.in Website: www.sebi.gov.in
Stock Exchanges:	
BSE Limited	Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 Tel. Nos.: (022) 2272 1233/4 (022) 6654 5695 (Hunting) Fax No.: (022) 2272 1919 Website: www.bseindia.com
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Tel. Nos.: (022) 2659 8100/8114 (022) 6659 8100 Fax No.: (022) 2659 8120 Website: www.nseindia.com
Depositories:	
National Securities Depository Limited	Trade World, A Wing, 4 th Floor Kamala Mills Compound, Lower Parel Mumbai – 400 013 Tel. Nos.: (022) 4886 7000/2499 7000 Email: info@nsdl.co.in Website: www.nsdl.co.in

Depositories:	
Central Depository Services (India) Limited	Marathon Futurex, A-Wing, 25 th Floor N M Joshi Marg, Lower Parel Mumbai – 400 013 Toll free No.: 1800-225-533 Email: complaints@cdslindia.com Website: www.cdslindia.com

27. OTHERS

- a. **Details of utilisation of funds raised through preferential allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the Listing Regulations:**
Not Applicable
- b. **Useful information for shareholders**
- i. **Common and simplified norms for investor’s service request**
- SEBI vide its Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor’s service request by RTAs and norms for furnishing PAN, KYC (Contact Details, Bank Details and Specimen Signature) and Nomination details.

As per said Circular, it is mandatory for the shareholders holding securities in physical form to, *inter alia*, furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination details were not available on or after 1st April, 2023 were to be frozen by the RTA and would be eligible for lodging grievance or any service request only after registering the required details. The said timeline of 1st April, 2023 for freezing of folios has been extended to 1st October, 2023.

Dividend and other payments, if any, in respect of such frozen folios shall only be made electronically with effect from 1st April, 2024 upon registering the required details. The said physical folios shall be referred by the Company or RTA to the administering authority under

the Prohibition of *Benami* Property Transactions Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31st December, 2025.

If a shareholder holding shares in physical form desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in the prescribed form.

The shareholders holding shares in electronic form who have either not furnished nomination or submitted declaration for opting out of nomination, are required to register or opt out from nomination, as the case may be, on or before 30th September, 2023, failing which their trading accounts shall be frozen for

trading and demat account shall be frozen for debits.

The Company has sent individual letters to all the members holding shares of the Company in physical form for furnishing their PAN, KYC and Nomination details. The relevant Circular(s) and necessary forms in this regard have been made available on the website of the Company at <https://www.asianpaints.com/ShareholderServiceRequest.html> and its RTA at <https://www.tcplindia.co.in/client-downloads.html>.

Accordingly, the members are advised to register their details with the RTA or DP, as the case may be, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

Following are the standardised and simplified forms for availing various service requests with the Company/RTA:

Type of holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to RTA either by an email to csg-unit@tcplindia.co.in or by post to C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083.	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes/ update thereof	Form ISR-1
	Form for registration/updation of signature	Form ISR-1 , Form ISR-2 (as applicable)
	Form for nomination	Form SH-13
	Declaration to opt out of nomination	Form ISR-3
	Cancellation of nomination/change of nominee	Form SH-14
	Form for requesting issue of duplicate certificate and other service requests for shares, etc.	Form ISR-4
	Request form for transmission of shares by nominee or legal heir	Form ISR-5
	The forms for above-mentioned service request are available on the website of the Company and RTA at Company: https://www.asianpaints.com/ShareholderServiceRequest.html RTA: https://tcplindia.co.in/client-downloads.html	
	Demat	
	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your respective DP.	

General Shareholder Information (Contd.)

ii. Consolidation of folios

Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with the share certificates so as to enable the Company to consolidate their holdings into one folio.

iii. Preservation of ownership documents

Shareholders are advised to keep copies of all their investment documentation i.e., share certificate, dividend counterfoil, Company communication in original, etc.

iv. Manner of postage of documents

Shareholders are advised to send share certificates, cheques, demand drafts, etc. through registered/speed post or courier.

v. Non-resident shareholders

Non-resident shareholders are requested to immediately notify the following to the RTA of the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

- a. Indian address for sending all communications, if not provided so far.
- b. Change in their residential status on return to India for permanent settlement.
- c. Particulars of their Non-resident rupee account, whether repatriable or not, with a bank in India, if not furnished earlier.
- d. E-mail Id and Phone No(s).

vi. Email Id registration

To support the green initiative, shareholders are requested to register their email address with their DPs or with the Company's RTA, as the case may be. Communications in relation to the Company like Notice and Outcome of Board meetings, Dividend credit intimations, Notice of AGM and Integrated Annual Report are periodically sent electronically to such shareholders who have registered their email address.

In case of any change in relation to the email address, the members are required to intimate the same:

- a. For shares held in electronic form: to their respective DP.
- b. For shares held in physical form: to the Company/RTA in prescribed Form No. ISR-1 mentioned above at sr. no. (i) of point no.27(b) "Useful information for shareholders".

vii. Compulsory linking of PAN with Aadhaar

Under the provisions of the Income-tax Act, 1961 ("the IT Act"), every person who has been allotted a PAN as on 1st July, 2017 and is eligible to obtain Aadhaar number, shall link his PAN with Aadhaar number. The due date for linking PAN-Aadhaar number has been extended by the Central Board of Direct Taxes from 31st March, 2023 to 30th June, 2023. However, the taxpayers will be liable to pay a prescribed fee for the same from 1st April, 2022 to 30th June, 2023.

From 1st July, 2023, the PAN of taxpayers who have failed to link their Aadhaar number with PAN, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:

- a. No refund shall be made against such PANs.
- b. Interest shall not be payable on such refund for the period during which PAN remains inoperative.
- c. Freezing of physical folios wherein such PAN is recorded.
- d. TDS and TCS shall be deducted/collected at higher rate, as provided in the IT Act.

The PAN can be made operative again in 30 days, upon linking of Aadhaar number with PAN after payment of prescribed fee.

PAN can be linked with Aadhaar by accessing the following link <https://portal.incometax.gov.in/iec/fooservices/#/pre-login/bl-link-aadhaar>.

viii. Voting Rights

The fundamental voting principle is 'One Share-One Vote'.

Equity shares issued by the Company carry equal voting rights, with an exception, where voting rights in respect of the shares, if any, lying in the Unclaimed Suspense Account, Suspense Escrow Demat Account, shares transferred to IEPF and shares held by Asian Paints Employees Stock Ownership Trust are frozen till the rightful owner claims such shares and is transferred as such.

ix. Dealing with SEBI registered intermediaries

Shareholders are requested to deal only through SEBI registered intermediaries and give clear and unambiguous instructions to their broker/sub-broker/DPs.

x. Investor Charter

In order to facilitate investor awareness for various service requests, SEBI had prescribed Investor Charter for RTAs, *inter alia*, detailing the services provided to investors, rights of investors, timelines for various activities of RTAs, Do's and Dont's for Investors and Grievance Redressal Mechanism.

The Investor Charter of the Company's RTA is available on their website at <https://www.tcplindia.co.in/InvestorCharter.html>.

xi. Frequently Asked Questions

For ready reference, the Company has made available responses to frequently asked questions with respect to investor related services on its website at <https://www.asianpaints.com/ShareholderFAQs.html>.

xii. Revamping investor section of the Company's website

During the year under review, the Company has revamped investor section of its website to make it more seamless and information/disclosures readily accessible to the shareholders of the Company.

The investor section of the Company's website can be accessed at <https://www.asianpaints.com/more/investors.html>.

xiii. Investor Feedback Survey

TSR Consultants Private Limited, RTA of the Company is classified as a Qualified RTA ("QRTA") as per the criteria laid down by SEBI.

The QRTAs are required to conduct an annual investor feedback survey and publish the outcome on its website. RTA had conducted an investor feedback survey for the financial year ended 31st March, 2023, covering walk in investors and through email response. As per the results, 99.8% of the investors were satisfied with the services being extended by RTA.

The outcome of the investor feedback survey is available on the website of RTA at https://tcpl.linkintime.co.in/survey_result.html.

xiv. Standard operating procedures for dispute resolution under the Stock Exchange arbitration mechanism

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/76 dated 30th May, 2022 has prescribed SOPs in accordance with Regulation 40 of the Listing Regulations, for dispute resolution under the Stock Exchange arbitration mechanism for disputes between a Listed Company and/or Registrars to an Issue and Share Transfer Agents and its Shareholder(s)/Investor(s) which are emanating from investor services.

The Company along with its RTA has generated awareness to the investors on availability of dispute resolution mechanism with Stock Exchanges i.e., BSE and NSE against the Company and/or its RTA. The communication in this regard was sent through email and/or SMSes to all holders who held the shares of the Company in physical form.

The said SEBI Circular providing SOPs has been made available on the Company's website at <https://www.asianpaints.com/ShareholderServiceRequest.html>.

Annexure A to Report on Corporate Governance
for the financial year ended 31st March, 2023

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Board of Directors
Asian Paints Limited

We hereby certify that on the basis of review of the financial statements and the cash flow statement for the financial year ended 31st March, 2023 and to the best of our knowledge and belief that:

- 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2. these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.

We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the financial year ended 31st March, 2023 are fraudulent, illegal or violative of the Company’s Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

- 1. significant changes, if any, in internal controls over financial reporting during the financial year ended 31st March, 2023;
- 2. significant changes, if any, in accounting policies during the financial year ended 31st March, 2023 and that the same have been disclosed in the notes to the financial statements; and
- 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

Amit Syngle
Managing Director & CEO

Place: Mumbai
Date: 11th May, 2023

R J Jeyamurugan
CFO & Company Secretary

Annexure B to Report on Corporate Governance
for the financial year ended 31st March, 2023

CERTIFICATE ON COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY ASIAN PAINTS LIMITED RELATING TO CORPORATE GOVERNANCE REQUIREMENTS

I have examined compliance by Asian Paints Limited (the Company) with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) relating to Corporate Governance requirements for the year ended on 31 March, 2023.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

I state that no complaint relating to investor’s grievance received by the Company is pending unresolved as on 31 March, 2023.

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

Dr. K. R. Chandratre
FCS No.: 1370, C. P. No.: 5144

Place: Pune
Date: 11 May 2023

UDIN: F001370E000292551
Peer Review Certificate No.: 1206/2021

Annexure C to Report on Corporate Governance
for the financial year ended 31st March, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Asian Paints Limited

We have examined the relevant disclosures provided by the Directors of Asian Paints Limited (as enlisted in Table A) CIN: L24220MH1945PLC004598; having registered office at 6A Shantinagar, Santacruz (East), Mumbai - 400 055, Maharashtra, India (hereinafter referred to as ‘the Company’) for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

In our opinion and to the best of our knowledge and based on (i) Documents available on the website of the Ministry of Corporate Affairs (“MCA”); (ii) Verification of Directors Identification Number (“DIN”) status at the website of the MCA (iii) Disclosures provided by the Directors (as enlisted in Table A) to the Company; and (iv) Debarment list of BSE Limited and National Stock Exchange of India Limited, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, MCA or any such other statutory authority during the financial year ended 31st March, 2023.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Mr. Deepak Satwalekar	00009627	30/05/2000
2.	Mr. Manish Choksi	00026496	22/10/2018
3.	Mr. Ashwin Dani	00009126	18/12/2003
4.	Mr. Amit Syngle	07232566	01/04/2020
5.	Mr. Malav Dani	01184336	21/10/2013
6.	Ms. Amrita Vakil	00170725	14/05/2014
7.	Mr. Jigish Choksi	08093304	01/04/2019
8.	Ms. Nehal Vakil	00165627	01/03/2022
9.	Mrs. Vibha Paul Rishi	05180796	14/05/2014
10.	Mr. Seshasayee Ramaswami	00047985	23/01/2017
11.	Mr. Suresh Narayanan	07246738	01/04/2019
12.	Mrs. Pallavi Shroff	00013580	01/04/2019
13.	Mr. Milind Sarwate	00109854	21/10/2021

For **Makarand M. Joshi & Co.,**
Company Secretaries

Makarand M. Joshi

Partner
FCS No. 5533
CP No. 3662
PR: 640/2019
UDIN: F005533E000270699

Place: Mumbai
Date: 08/05/2023

Annexure D to Report on Corporate Governance
for the financial year ended 31st March, 2023

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2023.

Amit Syngle
Managing Director & CEO

Place: Mumbai
Date: 11th May, 2023

Business Responsibility and Sustainability Reporting

At Asian Paints, sustainability has been at the heart of our operations. We see our responsibility to take the lead in sustainable development not only as a duty to the society but also as an opportunity to do well by doing good. By embracing sustainable development and going beyond minimum information disclosure requirements and regulatory compliance, we aim to protect and deliver value to all our stakeholders.

Asian Paints has been an early proponent to embracing the Environment, Social and Governance (“ESG”) factors into what we do. From publishing our first Sustainability report in FY 2014-15 we have always endeavoured to provide enhanced disclosures.

We also adopted the Business Responsibility and Sustainability Reporting (“BRSR”) introduced by the Securities and Exchange Board of India (“SEBI”) containing enhanced ESG disclosures voluntarily for the financial year 2021-22. Continuing our journey towards sustainable development the below report speaks about the Company’s ESG approach including enhanced ESG voluntary leadership disclosures, which propels the business strategy to deliver our purpose of bringing joy to people’s lives.

Amit Syngle
Managing Director & CEO

Note: Identified indicators/parameters as included in this BRSR for the financial year ended 31st March, 2023 have been assured (Reasonable/Limited) by Price Waterhouse Chartered Accountants LLP. The Reasonable/Limited Assurance Report is annexed to this Integrated Annual Report on page no. 475

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

Sr. No.	Particulars	Response
1.	Corporate Identity Number (CIN) of the Listed Entity	L24220MH1945PLC004598
2.	Name of the Company	Asian Paints Limited
3.	Year of incorporation	1945
4.	Registered office address	6A, Shantinagar, Santacruz (East), Mumbai – 400 055, Maharashtra, India.
5.	Corporate address	Same as mentioned in point no. (4).
6.	E-mail	investor.relations@asianpaints.com
7.	Telephone	(022) 62181000
8.	Website	www.asianpaints.com
9.	Financial year for which reporting is being done	April, 2022 to March, 2023
10.	Name of the Stock Exchange(s) where shares are listed	a. BSE Limited (BSE) b. National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	₹ 95,91,97,790
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name R J Jeyamurugan Designation CFO & Company Secretary Tel No. (022) 62181139 E-mail investor.relations@asianpaints.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)?	The disclosures under this report are made on standalone basis for Asian Paints Limited.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of main activity	Description of business activity	Turnover of the entity (%)
1.	Sale of products	Manufacture/Purchase and sale of wide range of paints (Chemical and Chemical Products)	96.2

15. Products/Services sold by the entity (accounting for 90% of the entity’s turnover):

Sr. No.	Product/Service	NIC Code*	Total Turnover contributed (%)
1.	Manufacture of paints, varnishes, enamels, and thinners	202	96.2

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

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	11	227*	238 [§]
International^	-	-	-

* Includes warehouses, distribution centres and testing facilities.

§ Does not include 24 locations (Colour Academies) where CSR activities are carried out.

^ The international operations are carried out by the Company through its subsidiary companies and are outside the reporting boundary of this report.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28
National (No. of Union Territories)	8
International (No. of Countries)^	12

^ The international operations are carried out by the Company through its subsidiary companies and are outside the reporting boundary of this report.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The contribution of exports as a percentage of total turnover of the Company is 0.37%.

c. A brief on types of customers:

The Company is in the business of manufacturing, trading and selling wide range of paints and coatings, wallcoverings, adhesives, tools, home décor products like rugs, furnishings, and furniture, bath fittings and sanitaryware. The Company also provides various services like end-to-end design to execution services, safe painting solution, interior designing etc. The Company caters to a wide range of customers, including homeowners, large project sites, dealers, corporates, architects, interior designers, influencers, contractors through wholesalers and distributors, retailers, and e-commerce channels.

Business Responsibility and Sustainability Reporting (Contd.)

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	6,372	5,768	90.5	604	9.5
2.	Other than permanent (E)	7,838	6,924	88.3	914	11.7
3.	Total employees (D + E)	14,210	12,692	89.3	1,518	10.7
	WORKERS					
4.	Permanent (F)	1,684	1,678	99.6	6	0.4
5.	Other than permanent (G)	16,142	15,735	97.5	407	2.5
6.	Total workers (F + G)	17,826	17,413	97.7	413	2.3

Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicator.

b. Differently abled employees and workers:

Sr. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	14	12	85.7	2	14.3
2.	Other than permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	14	12	85.7	2	14.3
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	5	5	100.0	-	-
5.	Other than permanent (G)	23	22	95.7	1	4.3
6.	Total differently abled workers (F + G)	28	27	96.4	1	3.6

Note: Limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicator.

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	13*	4	30.8%
Key Management Personnel	2*	-	-

* Includes the Managing Director & CEO.

Notes:

1. Key Management Personnel are Managing Director & CEO and CFO & Company Secretary.
2. Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicator.

20. Turnover rate (in %) for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees*	19.6	19.0	19.5	14.5	23.0	15.3	9.7	12.5	9.9
Permanent Workers*	2.2	-	2.2	1.8	-	1.8	2.1	-	2.1

* Only voluntary attrition & retirements considered.

Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicator.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

Sr. No.	Name of the holding/subsidiary/associate companies/joint ventures (A) (Note 1)	Indicate whether holding/ subsidiary/associate/joint venture	% of shares held by the Company
A	Subsidiaries of Asian Paints Limited		
1.	Asian Paints (Nepal) Private Limited	Subsidiary	52.71
2.	Asian Paints International Private Limited	Subsidiary	100
3.	Asian Paints Industrial Coatings Limited	Subsidiary	100
4.	Maxbhumi Developers Limited	Subsidiary	100
5.	Sleek International Private Limited	Subsidiary	100
6.	Weatherseal Fenestration Private Limited	Subsidiary	51
7.	Asian Paints (Polymers) Private Limited	Subsidiary	100
B	Subsidiaries of Asian Paints International Private Limited (APIPL)		
8.	Enterprise Paints Limited	Subsidiary	100
9.	Universal Paints Limited	Subsidiary	100
10.	Kadisco Paint and Adhesive Industry Share Company	Subsidiary	51
11.	PT Asian Paints Indonesia	Subsidiary	100
12.	PT Asian Paints Color Indonesia	Subsidiary	100
13.	Asian Paints (South Pacific) Pte Limited	Subsidiary	54.07
14.	Asian Paints (S.I) Limited	Subsidiary	75
15.	Asian Paints (Bangladesh) Limited	Subsidiary	95.09
16.	Asian Paints (Middle East) SPC	Subsidiary	100
17.	SCIB Chemicals S.A.E.	Subsidiary	61.31
18.	Samoa Paints Limited	Subsidiary	80
19.	Asian Paints (Vanuatu) Limited	Subsidiary	60
20.	Causeway Paints Lanka (Pvt) Limited	Subsidiary	99.98
21.	A P International Doha Trading W.L.L. (Note 2)	Subsidiary	100
C	Subsidiary of Enterprise Paints Limited		
22.	Nirvana Investments Limited	Subsidiary	100
D	Subsidiary of Nirvana Investments Limited		
23.	Berger Paints Emirates LLC	Subsidiary	100
E	Subsidiary of Universal Paints Limited		
24.	Berger Paints Bahrain W.L.L.	Subsidiary	100
F	Joint Ventures of Asian Paints Limited		
25.	PPG Asian Paints Private Limited	Joint Venture	50
26.	Asian Paints PPG Private Limited	Joint Venture	50
G	Associate of Asian Paints Limited		
27.	Obgenix Software Private Limited	Associate	49
H	Subsidiaries of PPG Asian Paints Private Limited		
28.	Revocoat India Private Limited	Associate	100
29.	PPG Asian Paints Lanka Private Limited (Note 3)	Associate	100

Notes:

1. Business responsibility initiatives disclosed are pertaining to Asian Paints Limited on standalone basis and does not include the information/initiatives undertaken, if any, by the companies indicated in column A.
2. A P International Doha Trading W.L.L. is yet to commence operations.
3. PPG Asian Paints Lanka Private Limited has ceased operations during FY 2022-23.

Business Responsibility and Sustainability Reporting (Contd.)

VI. CSR Details

22. (i) **Whether CSR is applicable as per section 135 of Companies Act, 2013:**
Yes, as per section 135 of the Companies Act, 2013, provisions of CSR is applicable. A brief of the CSR vision of the Company and the activities undertaken has been detailed in the Social and Relationship Capital Section and Annual report on CSR Activities Section of this Integrated Annual Report.
- (ii) **Turnover of the Company for the year ended 31st March, 2023:** ₹ 35,668.1 Crores
- (iii) **Net worth of the Company as at 31st March, 2023:** ₹ 15,399.6 Crores

VII. Transparency and disclosures compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes Link to the Grievance Redressal Mechanism is http://asianpaints.ethicspoint.com/ . Grievances for all the CSR activities undertaken by the Company can also be communicated to the respective Plant heads and/or through email on csr@asianpaints.com .	-	-	-	-	-	-
Shareholders	Yes Link to the Grievance Redressal Mechanism is https://www.asianpaints.com/IGRPolicy.html	118	2	Refer Note 2	34	-	-
Investors	Yes Link to the Grievance Redressal Mechanism is https://www.asianpaints.com/IGRPolicy.html	-	-	-	-	-	-
Employees and workers	Yes Link to the Grievance Redressal Mechanism is http://asianpaints.ethicspoint.com/ .	5	1	-	9	2	-
Customers	Yes Link to the Grievance Redressal Mechanism is http://asianpaints.ethicspoint.com/ . Additionally, customers can lodge complaints by emailing at customercare@asianpaints.com and/or calling on Toll free No. 18002095678. Below is the link where all channels of communication are given: https://www.asianpaints.com/contact-us.html .	27,934	1,061	Refer Note 2	24,800	1,402	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Value Chain Partners	Yes Link to the Grievance Redressal Mechanism is http://asianpaints.ethicspoint.com/	-	-	-	-	-	-

- Notes:
1. For FY 2022-23 investor complaints also include 92 complaints received directly from shareholders as per guidelines from stock exchanges issued during the year. During the previous financial year, shareholder complaints received only through regulatory authorities were reported.
2. The customer complaints open at the close of the year, *inter alia*, are on account of (i) re-opening/non-closure of complaints to the satisfaction of the customers (ii) pending customer acknowledgment for closure (iii) resolution in progress and (iv) complaints registered during last week of March, 2023.
3. Number of complaints reported above represent genuine and agreed complaints.
4. Limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicator.

24. **Overview of the entity’s material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications:**

Refer Managing Risks section of this Integrated Annual Report on page no. 54

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether the entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)					Yes				
b. Has the policy been approved by the Board? (Yes/No)					Yes*				
c. Web Link of the Policies, if available					Refer Note 1				
2. Whether the entity has translated the policy into procedures (Yes/No)					Yes				
3. Do the enlisted policies extend to your value chain partners? (Yes/No)					Yes, Code of Conduct for Business Partners extends to value chain partners.				

* The Advocacy Policy has been approved by the Managing Director & CEO of the Company.

Business Responsibility and Sustainability Reporting (Contd.)

Disclosure questions	P1	P2	P3	P4	P5	P6	P7	P8	P9												
4. Name of the national and international codes/ certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by the entity and mapped to each principle.	Organisation for Economic Co-operation and Development (OECD), Principle of Corporate Governance, Corporate Governance Voluntary Guidelines, 2009, GRI standards.	ISO 14001, ISO 45001, ISO 9001, GRI standards.	Universal Declaration on Human Rights of the United Nations, ISO 45001, British Safety Council, GRI standards.	ISO 14001, GRI standards.	Universal Declaration on Human Rights of the United Nations, GRI standards.	ISO 14001, Indian Green Building Council (IGBC), GRI standards.	Universal Declaration on Human Rights of the United Nations, GRI standards.	CSR disclosures pursuant to Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, GRI standards.	ISO 14001, Task Force on Climate-Related Financial Disclosures (TCFD) Framework, ISO 9001, ISO 27001, GRI standards.												
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company has set targets for ESG commitment for 2025 and 2030, <i>inter alia</i> , related to Products stewardship, Water neutrality, Energy conservation, Nature positive, Safe workplace, Energising, equitable & inclusive workplace, Water stewardship, Ethics, transparency, quality and accountability, World class governance and Sustainable supply chain management. For more information, refer the ESG Commitment section forming part of this Integrated Annual Report on page no. 34. The Company monitors the performance against the specific commitments on an ongoing basis.																				
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The performance against the set targets undertaken for ESG has been published in the ESG Commitment section forming part of this Integrated Annual Report on page no. 34.																				
Governance, leadership and oversight																					
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Mr. Amit Syngle, Managing Director & CEO of the Company is the director responsible for the business responsibility report. For the statement, refer the Managing Director & CEO statement at the beginning of the BRSR on page no. 240.																				
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board is responsible for implementation and oversight of the business responsibility policies. The Board of Directors of the Company has empowered the Stakeholders Relationship Committee (SRC) to provide direction to the management and exercise oversight on the implementation of targets committed under ESG. Read more about the SRC in the Corporate Governance section of this Integrated Annual Report on page no. 209.																				
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? If yes, provide details.	<div>The Board is responsible for decision making on all sustainability related issues. The Stakeholders Relationship Committee of the Board of Directors of the Company is responsible for providing direction to the management on ESG strategy and monitoring the progress and performance on its medium-term and long-term ESG commitments and targets.</div> <div>Composition of Stakeholder Relationship Committee</div> <table><tr><th>Name of Director</th><th>Designation</th><th>Role</th></tr><tr><td>Vibha Paul Rishi</td><td>Independent Director</td><td>Chairperson</td></tr><tr><td>Jigish Choksi</td><td>Non-Executive Director</td><td>Member</td></tr><tr><td>Nehal Vakil</td><td>Non-Executive Director</td><td>Member</td></tr></table> <div>Mr. R J Jeyamurugan is the Secretary to the Committee.</div>									Name of Director	Designation	Role	Vibha Paul Rishi	Independent Director	Chairperson	Jigish Choksi	Non-Executive Director	Member	Nehal Vakil	Non-Executive Director	Member
Name of Director	Designation	Role																			
Vibha Paul Rishi	Independent Director	Chairperson																			
Jigish Choksi	Non-Executive Director	Member																			
Nehal Vakil	Non-Executive Director	Member																			

10. Details of review of NGRBCs by the Company:										
Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/any other – please specify)
	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action	The Managing Director & CEO reviews the performance of the systems and processes in place for NGRBC related principles. The Audit Committee reviews the performance and grievance redressal mechanisms as per the Code of Conduct of the Company.									Ongoing basis
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all the applicable statutory requirements and rectifies, non-compliance, if any. This is reviewed by the Audit Committee.									Quarterly and as when required as per statutory requirements.
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? If yes, provide name of the agency.										As a part of the oversight of the internal financial controls in the Company, the Management and Audit Committee reviews the adherence to the stated policies in the Company. The Internal Audit function assists the Audit Committee with the above. Further, independent assessment/ evaluation is carried out periodically by external agencies.

Note 1:		
Principle	Applicable Policies	Link for policies
Principle 1: Businesses should conduct and govern themselves with Integrity, and in a manner that is Ethical, Transparent and Accountable	1. Code of Conduct for Employees, 2. Code of Conduct to Regulate, Monitor and Report Trading by Designated Person, 3. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, 4. Policy on dealing with and materiality of Related Party Transactions, 5. Whistle Blower Policy, 6. Code of Conduct for Business Partners, 7. Advocacy Policy, 8. Code of Conduct for Board and Senior Management Personnel, 9. Anti-Bribery and Anti-Corruption Position Statement	https://www.asianpaints.com/CGpolicies.html https://www.asianpaints.com/PositionStatement.html
Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe	1. Environment, Health and Safety Policy, 2. Information Security Policy	https://www.asianpaints.com/CGpolicies.html
Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains	1. Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace, 2. Code of Conduct for Employees, 3. Code of Conduct for Business Partners, 4. Environment, Health and Safety Policy, 5. Human Rights Position Statement	https://www.asianpaints.com/CGpolicies.html https://www.asianpaints.com/PositionStatement.html

Business Responsibility and Sustainability Reporting (Contd.)

Principle	Applicable Policies	Link for policies
Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders	1. Corporate Social Responsibility Policy, 2. Customer Policy, 3. Code of Conduct for Employees, 4. Code of Conduct for Business Partners, 5. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, 6. Dividend Distribution Policy, 7. Advocacy Policy, 8. Policy on Equal Opportunity and Non Discrimination	https://www.asianpaints.com/CGpolicies.html https://www.asianpaints.com/CustomerPolicy.html
Principle 5: Businesses should respect and promote human rights	1. Code of Conduct for Employees, 2. Code of Conduct for Business Partners, 3. Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace, 4. Policy on Equal Opportunity and Non discrimination, 5. Nomination and Remuneration Policy	https://www.asianpaints.com/CGpolicies.html
Principle 6: Businesses should respect and make efforts to protect and restore the environment	Environment, Health and Safety Policy	https://www.asianpaints.com/EHSpolicy.html
Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	Advocacy Policy	https://www.asianpaints.com/CGpolicies.html
Principle 8: Businesses should promote inclusive growth and equitable development	1. Corporate Social Responsibility Policy, 2. Policy on Equal Opportunity and Non-discrimination	https://www.asianpaints.com/CGpolicies.html
Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner	1. Customer Policy, 2. Information Security Policy	https://www.asianpaints.com/CustomerPolicy.html https://www.asianpaints.com/CGpolicies.html

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1 to P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:			
Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by awareness programmes
Board of Directors	13 sessions	Outlook of paint industry and home décor sector, governance and regulatory compliance requirements, risk management and ESG commitments.	100
Key Managerial Personnel	16 sessions	Updates and awareness related to regulatory changes are provided for the benefit of the KMPs. Topics covered include: Corporate Governance, Companies Act, 2013, SEBI regulations as applicable to the Company, ESG matters, Code of Conduct for Employees and Prevention of Sexual Harassment at Workplace (POSH)	100
Employees other than BoD and KMPs	4196 unique employees attended 79 sessions	Values-based capability building programme, Code of Conduct for Employees, POSH, Well-being (financial, physical and mental) and safety related sessions, sensitisation of compliances under Code of Conduct to regulate, monitor, and report trading by Designated Persons, and Fair trade practices.	65.9
Workers	197 sessions	Health & Safety related trainings, Wellness sessions and Skill upgradation	100

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year.

Particulars	NGRBC Principle	Monetary/Non-monetary		Brief of the Case	Has an appeal been preferred? (Yes/No)
		Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)		
Penalty/Fine			Nil		
Settlement					
Compounding fee					

Note: Materiality threshold as specified in Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been applied for the purpose of this disclosure.

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed: Not applicable
4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has a published position statement on anti-corruption and anti-bribery. The same is available on the Company’s website at <https://www.asianpaints.com/PositionStatement.html>.

Business Responsibility and Sustainability Reporting (Contd.)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

Particulars	FY 2022-23	FY 2021-22
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

Particulars	FY 2022-23		FY 2021-22	
	Number	Brief details of the complaint	Number	Brief details of the complaint
Number of complaints received in relation to issues of conflict of interest of the Directors	1	The Company had received a complaint from an individual (ex-employee and a vendor of the Company), through the National Stock Exchange of India (NSE), alleging impropriety with respect to certain related party transactions entered into by the Company among other matters. The Company has appropriately responded to the allegations levied.	1	The Company had received a protected disclosure from an individual (not related to the Company), alleging impropriety with respect to certain related party transactions entered into by the Company. The complaint was investigated in accordance with the Company's whistle blower policy and after undertaking a detailed review of the transactions, the said complaint was closed as the inquiry concluded that the transactions were undertaken in compliance with law, and there was no basis for the allegations made.
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-		-	

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest: Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

The Company is committed to conducting business in an ethical, fair, legally, socially and environmentally responsible manner. The Company's Business Partners are an integral part of the ecosystem, and the Company encourages the Business Partners to be responsible corporate citizens. The Company has in place a documented Code of Conduct for Business Partners to emphasise its commitments in the areas of business integrity, human rights, labour practices, environment stewardship etc.

All the agreements/contracts/purchase orders entered into by the Company with the business partners includes stated confirmation on the above mentioned aspects. The Code of Conduct for Business Partners is available at <https://www.asianpaints.com/CodeofConductforBusinessPartners.html>. The Company has also initiated taking confirmation from the business partners on acceptance and adherence to the Code of Conduct for Business Partners. The process of holding discussions and conducting awareness sessions with our value chain partners on these principles has been initiated.

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? If Yes, provide details of the same.

Yes, the Company has Code of Conduct for Board of Directors and Senior Management Personnel which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. The Company receives an annual declaration from its Board of Directors and Senior Management Personnel on the entities they are interested in, and ensures requisite approvals as required under the applicable laws are taken prior to entering into transactions with such entities. The policy is available on the Company's website at <https://www.asianpaints.com/CGpolicies.html>.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Particulars	FY 2022-23	FY 2021-22	Details: improvements in environmental and social impacts
R&D	1.4%	1.3%	The Company has an in-house Research & Technology (R&T) facility where experts/scientists work on various innovations/technologies including finding pathways for bringing on more sustainable and environment friendly products which includes low Volatile Organic Compound (VOC) paints, reducing/eliminating lead and heavy metals, etc. The Company has spent ₹ 105.4 Crores (only operating cost) on R&T expenses during FY 2022-23. These include expenses on multiple projects embodying several benefits including environmental and social benefits, however, separately identifying such costs is not feasible. The currently reported percentage of R&D include only separately identified expenses, excluding employee cost and other direct expenses of R&T.
Capex	8.5%	4.3%	The capital spends include investments in renewable energy, installation of environment monitoring systems, expenditure on energy efficient equipment, waste reduction & treatment infrastructure and automation of laborious activities among others.

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes. During the year, the Company has published the Code of Conduct for Business Partners (the Code) which acts as the umbrella policy for driving the ESG agenda in its value chain. While the agreements/contracts/purchase orders also cover the principles covered under the Code which is agreed between both the Company and vendor, the Company has also initiated a process to get confirmation and acceptance of the Code from all its vendors. This initiative was launched in the first week of April 2023. As at the end of April, 2023, 1279 existing vendors have acknowledged/accepted the Code which forms more than 65% of raw material suppliers of the Company by value.

Vendor selection & on-boarding criteria include a necessary evaluation of compliance with environment-related regulations such as valid consent and other authorisations, availability of environment policy and management system as well as self-declaration on key Human Rights principles. During the year, 98 such suppliers were on-boarded based on the evaluation.

During the year, guided by the Code, the Company has developed Sustainable Supply Chain Framework, setting out approach, expectations, process and promises towards sustainability in the supply chain.

The Sustainable Supply Chain Framework has been discussed in detail under Manufactured Capital of the Integrated Annual Report on page no. 70.

b. If yes, what percentage of inputs were sourced sustainably?

The Company continuously assess the source of inputs from vendors and evaluates if these vendors are certified by third party agencies. Such information is gathered from public domain. Basis this assessment, more than 50% of the raw material procurement by value are certified to be compliant with social and environmental standards such as SA 8000, ISO 14001/EMS, OHSAS 18001/ISO 45001, EcoVadis rating (bronze or higher) or relevant labels like Rainforest Alliance, Rugmark, RSPO etc.

Business Responsibility and Sustainability Reporting (Contd.)

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Paint as a product is applied on surface and gets completely utilised once it reaches consumers. The Company’s focus, however, is on reducing generation of dead, damaged, and defective materials. Such dead, damaged and defective stocks are collected back, reprocessed, and utilised to the maximum extent possible. The packaging material used by the Company is largely plastic. Additionally, the Company also deals in electric tools used while painting.

1. Plastics (including packaging): The Company follows the Extended Producer Responsibility (EPR) approach to manage downstream operations of plastic packaging waste ensuring compliance with the Plastic Waste Management Rules, 2016 (PWM). Further, the Company has increased the use of recycled plastic in a host of its product packaging. The total quantity of recycled plastic used in packaging was more than 5200 tonnes in FY 2022-23. This accounts for 7.8% of total plastic packaging.
2. E-waste: Ministry of Environment, Forest and Climate Change (MOEFCC) notified E-waste (Management) Rules, 2022 (E-waste Rules) effective from 1st April, 2023. These rules set EPR obligation for electric and electronic equipment/devices. Since the Company provides a range of painting-related electrical tools in the market, the obligation under these rules will apply to the Company. The Company will fulfill the EPR obligation as per the E-waste Rules and Central Pollution Control Board (CPCB) directions.
3. Hazardous Waste: Not applicable
4. Other: Not applicable

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, EPR is applicable to the Company. The Company has been ensuring the collection and safe disposal of packaging waste through the EPR approach since 2018. The Company has collected over 4,900 MT of flexible plastics and over 49,000 MT of rigid plastic in FY 2022-23. The collection and responsible channelisation were ensured across 23 states.

Further, the notified E-waste (Management) Rules 2022 (E-waste Rules) effective from 1st April 2023 sets EPR obligation for the Electric and Electronic equipment/devices. Since the Company provides a range of painting-related electrical tools in the market, the obligation under E-waste Rules will apply to the Company. The Company will fulfil the EPR obligation as per the E-waste Rules and Central Pollution Control Board (CPCB) directions.

Leadership Indicator

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Yes, the Company has leveraged Product Life Cycle Assessment studies based on ISO 14040 to identify hotspots related to Green House Gas (GHG) emissions. Product LCA is undertaken for top volume products in interior and exterior paints category. The key impacts covered under the LCA are global warming, water depletion, abiotic depletion, acidification, ecotoxicity, eutrophication, ozone depletion, photochemical ozone formation and human toxicity.

NIC Code	Name of the product/services	% of total Turnover contributed	Boundary for which the life cycle perspective/ Assessment was conducted	Whether conducted by an independent external agency (Yes/No)	Results communication in the public domain (Yes/No) If yes, provided the web-link
202	Product LCA for top-volume products across interior and exterior paints category.	32%	Cradle to grave	Yes	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

There are no significant social/environmental concerns and/or risks arising from production or disposal of products/services. However, based on the LCA study, the Company is working to mitigate certain identified hotspots in regard to the environmental impact of the product over the years. This has been discussed in detail in the Natural Capital section in this Integrated Annual Report on page 112. The key initiatives are listed below:

1. Emission reduction through formulation efficiency and process innovations results in emission reduction at the raw material stage which is a key contributor to Scope 3 emissions. During the year, the Company has realised reduction of 20,390 tCO₂e.
2. The Company has been working on increasing the durability of products. Products in SmartCare waterproofing and Ultima Protek range has durability of more than 10 years. Further, there are a host of products with durability of more than 5 years such as Apex Advance Dustproof, Apex Dustproof, Apex Shyne Dustproof, Aspira, Smartcare Damp proof & Smartcare Damp proof Advance.
3. The Company is constantly changing and improving paint formulations to offer low-VOC paints that ensure health and environmental benefits while providing higher performance levels. Further, Green Seal and Green Assure products are low VOC products as VOC is one of the important criteria to comply with these certification standards.
4. The Company has done extensive work to reduce overall water footprint by driving water conservation activity within plants, harvesting, and utilising rainwater in process and water recharge and conservation initiatives outside plants. During the year, the Company utilised 235 mega litres of rainwater in process and replenishing 382% of freshwater consumption at decorative paint manufacturing plants. Total specific non-process water consumption reduced by 53% since 2013-14 to 0.45 Kl/Kl at decorative paint manufacturing plants.

Name of products/services	Description of the risk/concerns	Action taken
-	-	-

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):

Resource efficiency forms an integral part of the Company’s environmental strategy. Through continuous efforts, the Company strives to meet the needs of its customers. In doing so, resource management approach is optimised to efficiently utilise the raw materials and minimise material waste. To ensure the availability of raw materials required for business operations, resources are optimally utilised and ways are adopted to reuse, recycle and reintroduce excess material in production process without compromising the quality of products and solutions. Details of materials recycled or re-used are as under:

Input material	Recycled or re-used input material to total material (%)	
	FY 22-23	FY 21-22
Recycled Content in Plastic Packaging Procured	7.8	5.4
Wash Water reuse in process	5.7	5.6

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Values in metric tonnes	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (Including Packaging)	-	~53400	~500	-	8,805	3,572
E-Waste	-	-	-	-	-	-
Hazardous Waste	-	-	-	-	-	-
Other Waste	-	-	-	-	-	-

Note: Calculation methodology has been updated for above as per BRSR Guidelines

Business Responsibility and Sustainability Reporting (Contd.)

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate Product category	Reclaimed products and their packaging materials as % of total products sold in respective category.
Plastic Waste as part of Extended Producers Responsibility	100% of flexible packaging 77% of rigid packaging

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	5,768	5,768	100	5,768	100	-	-	5,745	99.6	1,327	23.0
Female	604	604	100	604	100	604	100	-	-	422	69.9
Total	6,372	6,372	100	6,372	100	604	9.5	5,745	90.2	1,749	27.4
Other than Permanent employees											
Male	6,924	6,924	100	6,924	100	-	-	-	-	-	-
Female	914	914	100	914	100	914	100	-	-	-	-
Total	7,838	7,838	100	7,838	100	914	11.7	-	-	-	-

- Notes:
- Vendors are required to adhere to the statutory compliances as per applicable laws and rules thereunder.
 - Day-care facilities are available on the Company premises (including plants) as per provisions of the Factories Act, 1948.
 - Some locations do not fall under the Maternity Benefit Act, 1961 and accordingly do not meet the requirement of having a day care facility.

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1,678	1,678	100	1,678	100	-	-	1,678	100	60	3.6
Female	6	6	100	6	100	6	100	-	-	6	100
Total	1,684	1,684	100	1,684	100	6	0.4	1,678	99.6	66	3.9
Other than Permanent employees											
Male	15,735	15,536	98.7	15,735	100	-	-	15	0.1	1,595	10.1
Female	407	407	100	407	100	407	100	-	-	115	28.3
Total	16,142	15,943	98.8	16,142	100	407	2.5	15	0.1	1,710	10.6

- Notes:
- Vendors are required to adhere to the statutory compliances as per applicable laws and rules thereunder.
 - Day-care facilities are available on the Company premises (including plants) as per provisions of the Factories Act, 1948
 - Some locations do not fall under the Maternity Benefit Act, 1961 and accordingly do not meet the requirement of having a day care facility.

2. Details of retirement benefits, for current and previous financial year:

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees*	No. of workers covered as a % of total workers	Deducted and deposited with the authority^	No. of employees covered as a % of total employees*	No. of workers covered as a % of total workers	Deducted and deposited with the authority^
PF	100	100	NA	100	100	NA
Gratuity	100	100	NA	100	100	NA
ESI	100	100	Yes	100	100	Yes

- * Eligible as per statute
- ^The Provident Fund and Gratuity contributions are deposited with the Company’s Trust Funds.
- Note:** Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard:

The Company has Policy on Equal Opportunity and Non-Discrimination basis which the Company is takes proactive measures to build systems and processes to ensure:

- That appropriate infrastructural facilities and amenities are provided to employees and workers with disabilities to enable them to discharge their duties safely and effectively in the establishment.
- The facilities are in compliance with the Harmonised Guidelines and Space Standards for Barrier Free Built Environment for Persons with Disability and Elderly Persons (as amended from time to time), issued by the Ministry of Urban Development, Government of India.
- Accessible environment and assistive devices as required are made available.

Accordingly, all employees/workers with disability are provided resources necessary for their smooth functioning and create an inclusive environment.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

Yes, the Company has a Policy on Equal Opportunity and Non-Discrimination which is available on the Company’s website at <https://www.asianpaints.com/policyonequalopportunityandnondiscrimination.html>.

5. Return to work and retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male (%)	100	92.9	100	100
Female (%)	100	73.3	*	*
Total (%)	100	91.9	100	100

- *None of the female permanent workers availed parental leave in this year.
- Note:** Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

Business Responsibility and Sustainability Reporting (Contd.)

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes. Grievances received from workers are duly recorded in the appropriate registers at the plant premises. Workers can raise grievances at http://asianpaints.ethicspoint.com/ . Grievances can also be raised through our toll free no. 000-800-100-1622, email at whistle.blower@asianpaints.com and/or by way of a letter addressed to the Ethics Committee at the Registered Office of the Company.
Other than Permanent Workers	
Permanent Employees	Yes. Employees can raise grievances with their reporting managers and/or HR business partners. Grievances can also be raised at http://asianpaints.ethicspoint.com/ , toll free no. 000-800-100-1622, email at whistle.blower@asianpaints.com and/or by way of a letter addressed to the Ethics Committee at the Registered Office of the Company.
Other than Permanent Employees	

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees/ workers in respective category	No. of employees/ workers in respective category, who are part of association(s) or Union	% (B/A)	Total employees/ workers in respective category	No. of employees/ workers in respective category, who are part of association(s) or Union	% (D/C)
	(A)	(B)		(C)	(D)	
Total Permanent Employees	6,372	136	2.1	5,712	276	4.8
Male	5,768	131	2.3	5,198	263	5.1
Female	604	5	0.8	514	13	2.5
Total Permanent Workers	1,684	1,577	93.6	1,711	1,617	94.5
Male	1,678	1,577	93.9	1,705	1,617	94.8
Female	6	-	-	6	-	-

Note: Limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

8. Details of training given to employees and workers:

Category	FY 2022-23					Total (D)	FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation			Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)			No. (E)	% (E/D)	No. (F)	% (F/D)
Employees											
Male	5,768	1,363	23.6	4,957	85.9	5,198	*		3,836	73.8	
Female	604	111	18.4	514	85.1	514			359	69.8	
Total	6,372	1,474	23.1	5,471	85.9	5,712			4,195	73.4	
Workers											
Male	1,678	1,678	100	#		1,705	1,705	100	#		
Female	6	6	100			6	6	100			
Total	1,684	1,684	100			1,711	1,711	100			

* The Company provides regular trainings on health and safety to all its employees. The Company aims to provide various quality training and minimising workplace accidents without focusing upon the numbers of hours spent in training. We have now implemented a mechanism to track training undertaken.

* Trainings on skill upgradation includes both soft skill and functional skills. Such trainings are imparted by individual functions basis the need for their own department and are not specifically tracked.

9. Details of performance and career development reviews of employees and workers.

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	%(B/A)
Employees						
Male	5,768	5,768	100	5198	5198	100
Female	604	604	100	514	514	100
Total	6,372	6,372	100	5,712	5,712	100
Workers						
Male	1,678	1,678	100	1705	1705	100
Female	6	6	100	6	6	100
Total	1,684	1,684	100	1,711	1,711	100

Note: All our employees and workers are eligible to receive performance and career development reviews. For employees who have joined the Company during the period January to March, 2023 career development reviews would only have been received.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

Yes. In accordance with the Environment, Health and Safety Policy of the Company, Occupational Health and Safety Management System has been implemented at all in house manufacturing facilities and Research & Technology laboratory. Further, all other locations also comply with the applicable statutory requirement pertaining to health and safety. The Company’s health and safety management system is based on ISO 45001, the International Standard for Occupational Health and Safety. During the year, 3 decorative paint manufacturing plants have received five-star rating by British Safety Council and 3 plants have received Sword of Honour from the British Safety Council.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has Environment, Health and Safety Policy. The health and safety guidelines are applicable to all operating locations of the Company and lay down required parameters to be followed at all locations. Some of the key processes for identifying work-related hazards and assessing risks on a routine and non-routine basis are given below:

- i Hazard Identification and Risk Assessment (HIRA) is used for routine and non-routine activities.
- ii Hazard and Operability Study (HAZOP) is being used for identifying hazard related to chemical processes.
- iii Chemical Risk Assessment is used for identifying health hazards during handling of chemicals.
- iv Manual Material Handling Assessment Chart (MAC) tool is used to identify hazards during manual material handling activities.
- v Fire Risk Assessment is done for handling fire related risks.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks (Yes/No):

Yes, all workers at plants can report work related hazards through an internal portal. All the work hazards reported are monitored and actioned upon through Department Safety Committee which in turn is supplemented by Apex Safety Committee at the plant. A process of ‘stoppage of work due to unsafe act and unsafe condition’ to safeguard employees’ interest is in place to report or remove themselves from situations they believe could cause injury. At non-manufacturing locations, the workers approach the location head to report any work-related hazards and to remove themselves from such risks.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, all employees/workers are covered under the Company’s health insurance and personal accident policy.

Business Responsibility and Sustainability Reporting (Contd.)

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 22-23*	FY 21-22*
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	0.05
	Workers	0.55	0.55
Total recordable work-related injuries^	Employees	-	3
	Workers	40	40
No. of fatalities	Employees	-	-
	Workers	-	-
No. of high consequence work-related injury or ill-health (excluding fatalities)	Employees	-	1
	Workers	-	-

*Details provided for the manufacturing sites only.
^ Calculation methodology has been updated for above as per BRSR Guidelines.
Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on the above indicators.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

In line with the Company’s Environment, Health and Safety Policy, there are various measures taken to ensure access to a safe and healthy work-place to all employees and workers. The Company invests in technologies and processes to avoid and minimise the manual interfaces with machines. The Company ensures that all statutorily required norms are complied with and get third party safety audits done for validation.

The Company endeavours to design any new facility by using latest technology and include all possible safety measure such that there is near zero risk to human health. At the existing facilities, newer mechanism, machines, and techniques are put in place.

Performing internal and external studies and surveys:

The Company performs various internal and external studies like ‘HIRA’, ‘HAZOP’, chemical risk assessment, fire risk assessment, manual material handling assessments, quantitative risk assessment for chemical storage tank and surveys relating to structural stability, noise survey, illumination survey, etc. to identify process safety hazards and controls.

Safety Management Systems:

The health and safety management system is based on ISO 45001 - the International Standard for Occupational Health and Safety and is also designed to cater to the ‘Five Star Integrated Audit’ by British Safety Council which is a leading global recognition in the field of Occupational Health and Safety Systems. This covers eight decorative manufacturing plants, one industrial paint plant and one chemical plant and Research and Technology Laboratory. It covers our workforce including contractor workmen, drivers, cleaners as well as visitors etc.

Training:

The Company encourages and works on building Behaviour Based Safety Management to encourage adherence to safe behaviour and promote safety culture. It provides periodic trainings to employees on the manner of performing such assessments/surveys, handling hazardous chemicals and equipment. All employees and workers are trained on safety aspects which includes First – aid, Fire – fighting, Onsite Emergency Plan, Work permit system, HIRA, HAZOP etc.

Use of technology and other safety measures:

Most of the paint manufacturing process are automated/semi-automated and are controlled through Distributed Control System (DCS) and Manufacturing Excellence System (MES). All the new plants are highly automated with conveyors and robotics palletisation to reduce manual material handling thereby, creating safer work environment. Moving parts of machineries are equipped with machine guarding mechanism like separately demarcated routes for vehicles and pedestrians, installation of convex mirrors at blind corners for Material Handling Equipment (MHE) trucks, monitoring speed of all vehicular movements, installation of safety alarms, interlocks to eliminate hazard related to moving parts, etc.

Over and above, it is ensured that fire protection equipment such as hydrant system, water monitors, foam monitors, fire extinguishers, fire detection and sprinkler system are provided as per relevant Indian Standards. Pre-employment and annual medical examinations are carried out for employees and contractor workmen as per Company’s Policy. Personal Protective Equipment (PPE) are identified for various activities and maintained in the form of PPE matrix for each section in the plants conforming to relevant Indian/International Standard as applicable.

Periodic equipment maintenance, review and testing:

There is a well-defined checklist basis which periodic safety inspections are carried out and actions are taken in a time bound manner. Regular inspections and maintenance are done by competent persons for various critical equipment, with necessary permits wherever needed, ensuring lockout tagout system is implemented.

Redressal and Investigation mechanism:

There are Safety Committees constituted at locations to ensure that safe work practices are in place. The Committees promote the participation of employees and workers to participate in ensuring workplace safety and have a well laid out procedure of investigation for work – related incidents, review and investigation along with implementation of corrective and preventive actions.

13. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

The Company encourages employees and workers to highlight any issues noticed towards working conditions and Health & Safety concerns at all its locations. The employees can lodge complaints on the internal portal of the Company as well. Throughout the year, the employees have raised many such queries/concerns on the portal which have been largely addressed by the Company. Such complaints are more in nature of flagging of possible need of repairs or availability of proper working conditions which are regular in nature and addressed as and when raised. These queries/concerns are not reported considering them trivial.

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

% is based on cases which were due for an assessment either basis regulatory requirements and/or basis the Company’s internal guidelines.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions:

The Company continuously monitors and assesses its health and safety practices and working conditions. Investigation is conducted in case any incident is reported using various methodology to identify the root cause. The investigation team presents corrective and preventive measures which is reviewed at various levels by the local management and central teams. Such corrective actions are then deployed horizontally across locations.

Business Responsibility and Sustainability Reporting (Contd.)

Leadership Indicators:

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Yes/No) (B) Workers (Yes/No)?

Yes, the Company has extended life insurance or compensatory package in the event of death of both employees and workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company has a robust mechanism to ensure that all statutory dues have been deducted and deposited by the value chain partners. As per the business agreements/contracts and purchase orders, all vendors are obliged to make necessary statutory payments timely. The Company regularly verifies the payment made by vendors to various government authorities towards statutory payments internally or through third party audits. With such reviews, the Company internally rates the vendors on their compliance status. The Company issues notices or penalises them or ceases business dealing with defaulting vendors depending on the number of defaults.

3. Provide the number of employees/workers having suffered high consequence work- related injury/ ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	1	0	1
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, the Company has a transition assistance program across cadres right from junior level to senior management to provide guidance to new promotees to discharge their duties more effectively and develop their functional and behaviour skill sets. Each program is uniquely designed depending on the cadre and required developmental needs. The program also allows individuals to nominate themselves for one on one and group coaching programs which helps them in addressing any specific transitional need. In case of retirement, various insight sharing sessions are held with the employees to gain from their experiences. The Company engages with them to assist them in financial planning needs, if any. Refer the Human Capital Section of this Integrated Annual Report on page no. 86.

5. Details on assessment of value chain partners:

The Company has in place a Code of Conduct for Business Partners. Accordingly business partners are expected to provide a safe and healthy workplace for their employees and contractors. Business Partners must be compliant with local and national laws and regulations on Occupational Health and Safety, and have the required permits, licenses and permissions granted by local and national authorities.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working condition of value chain partners:

Not Applicable

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.
Refer Addressing Stakeholder concerns section of this Integrated Annual Report on page no. 44.
2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:
Refer Addressing Stakeholder concerns section of this Integrated Annual Report on page no. 44.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Stakeholder engagement is a crucial process that contributes to growth ambitions. Refer Addressing Stakeholder concerns section of the Integrated Annual Report on page no. 44 which covers the process for consultation between stakeholders and the Board.

During the year, the Board has committed to certain ESG targets. The Company annually reports progress on these targets to update all stakeholders on ongoing initiatives. The comprehensive reporting approach demonstrates an unwavering dedication to provide stakeholders a transparent and holistic view of the Company's performance and progress toward achieving ESG commitments.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the Company in consultation with the stakeholders has identified material environmental and social topics. Material topics were shortlisted and prioritised based on their impact on the stakeholders and the business. The details on the same have been provided in the Addressing Stakeholder concerns and Identifying Materiality Issues sections of this Integrated Annual Report from page no. 44 onwards.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups:

The Company identifies the need of communities including vulnerable and marginalised groups and accordingly works on various programs through Corporate Social Responsibility initiatives. The initiatives undertaken by the Company under the thrust areas of Corporate Social Responsibility initiatives are undertaken after assessing the need of the communities including the vulnerable/marginalised stakeholder groups and other members of the community. The Company has undertaken nutrition projects for children, adolescents, pregnant and lactating women and organised Eye Care programme for school students. The Colour Academies work on imparting skill education and enhancing productivity of the people in paint application/plumbing/carpenter training etc. and strives to make an impact on their lives by bringing positive economic, professional and inter personal & intrapersonal impact. For more information, please refer the Social and Relationship Capital section of this Integrated Annual Report on page no. 100.

Business Responsibility and Sustainability Reporting (Contd.)

PRINCIPLE 5

Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total C	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	6,372	4,096	64.3	5,712	5,364	93.9
Other than permanent	7,838	Refer note (ii)		5,701	Refer note (ii)	
Total Employees	14,210			11,413		
Workers						
Permanent	1,684	Refer note (ii)		1,711	Refer note (ii)	
Other than permanent	16,142			12,899		
Total Workers	17,826			14,610		

- Notes:
- The trainings on human rights and other policies are a part of the Code of Conduct and other various awareness programmes. The Company has deployed an e-module on Code of Conduct for training of the employees.
 - Several discussions are held with all employees and workers to create awareness around human rights and the Company's Code of Conduct. In addition to HR led sessions and e-module, all employees and workers (including new joinees) are trained/made aware of the Code of Conduct by their functional team leads. Such sessions are currently not tracked. This information will be available from FY 2023-24 onwards. Further, the Code of Conduct is available for reference on the Company's website and on the Company's intranet portal. They are 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.
 - Limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. C	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent										
Male	5,768	-	-	5,768	100	5,198	-	-	5,198	100
Female	604	-	-	604	100	514	-	-	514	100
Other than Permanent										
Male	6,924	-	-	6,924	100	5,386	-	-	5,386	100
Female	914	-	-	914	100	315	-	-	315	100
Worker										
Permanent										
Male	1,678	-	-	1,678	100	1,705	-	-	1,705	100
Female	6	-	-	6	100	6	-	-	6	100
Other than Permanent										
Male	15,735	13,311	84.6	2,424	15.4	12,103	12,103	100	-	-
Female	407	306	75.2	101	24.8	796	796	100	-	-

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (in ₹)	Number	Median remuneration/ salary/wages of respective category (in ₹)
Board of Directors (BOD)*	9	62,20,000	4	55,00,000
Key Managerial Personnel (KMP)**^	2	11,04,79,404	-	-
Employees other than BOD and KMP	5,766	14,96,872	604	11,38,033
Workers	1,678	4,86,100	6	2,19,282

*Includes Managing Director & CEO
^Key Managerial Personnel are the Managing Director & CEO and CFO & Company Secretary
Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Ms. Savitha Shivsankar, the Chief Human Resources Officer of the Company, is responsible for addressing any human rights issues caused or contributed by the business. Further, these cases are presented to the Audit Committee along with the status and its resolutions on a quarterly basis.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

The Company is committed to providing a safe and conducive work environment to all of its employees and workers. Transparency and openness are organisational values and are practised across all levels. Employees are encouraged to share their concerns with their reporting manager or the members of the Senior Management. Employees can reach out independently to the Human Resource function if they so choose to. The Company has an open-door approach, wherein any employee irrespective of hierarchy has access to the senior management. In addition, the Code of Conduct for Employees and the Whistle Blower Policy allows all our employees to report any kind of suspected or actual misconduct in the organisation in an anonymous manner including grievances related to human rights issues.

Refer to the Company's position statement on Human Rights at <https://www.asianpaints.com/PositionStatement.html>.

6. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remark	Filed during the year	Pending resolution at the end of year	Remark
Sexual Harassment	5	1*		3	1*	
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour		Nil			Nil	
Wages						
Other human rights related issues						

*The case pending for resolution is not beyond 90 days - defined period for resolution as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 or POSH policy.
Note: Limited assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The Company believes in the principle of natural justice and ensures full confidentiality of complainant is maintained during and after resolution of complaint. Such complaints are usually handled by senior members in the organisation. These members are trained on aspects like how such complaints must be handled, the rights of complainants, and manner of dealing with complaints and respondents, sensitivity and judgement to be applied on such matters.

Business Responsibility and Sustainability Reporting (Contd.)

The members handling such complaints maintain full confidentiality to protect the complainant during as well as after closure of complaints. The complainant is protected against any adverse action not limited to harassment, unfair termination of employment, demotion, suspension and biased behavior.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, all critical human rights requirements are part of business agreements, purchase orders and contracts with suppliers. Further the Code of Conduct for Business Partners is applicable to all the suppliers and service providers according to which suppliers are expected to respect human rights and avoid causing/contributing to human rights infringements through their business actions.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced/involuntary labour	
Sexual harassment	100
Discrimination at workplace	
Wages	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above: Not Applicable

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints:

During the reporting period, no business processes have been modified or introduced for addressing human rights grievances/complaints.

2. Details of the scope and coverage of any Human rights due-diligence conducted:

The Company is committed to protecting and respecting Human Rights and remedying rights violations in case they are identified; for example, issues relating to human trafficking, forced labour, child labour, freedom of association, right to collective bargaining, equal remuneration and discrimination. The Company works towards providing equal employment opportunity, ensuring distributive, procedural, and interactional fairness, creating a harassment-free, safe environment and respecting fundamental rights. As an equal opportunity employer, no discrimination is tolerated on any aspect. Refer to the Company’s Human Right Position Statement on our website at <https://www.asianpaints.com/PositionStatement.html>.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Differently abled employees located at Head Office have access to required facilities. The Company is taking appropriate measures to build systems and processes to ensure:

- That appropriate infrastructural facilities and amenities are provided to employees and workers with disabilities to enable them to discharge their duties safely and effectively in the establishment.
- The facilities are in compliance with the Harmonised Guidelines and Space Standards for Barrier Free Built Environment for Persons with Disability and Elderly Persons (as amended from time to time), issued by the Ministry of Urban Development, Government of India.
- That provision is made for an accessible environment and assistive devices as required are made available.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	Nil*
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

* In accordance with the Company’s policy on Code of Conduct for Business Partners all business partners must treat all employees with respect and dignity and exhibit zero tolerance towards unacceptable sexual harassment, workplace discrimination and must not engage in child labour, Forced Labour/Involuntary Labour, etc. They must provide safe and healthy workplace for their employees and contractors. Business Partners must be compliant with local and national laws and regulations on Occupational Health and Safety, and have the required permits, licenses and permissions granted by local and national authorities. They must also provide their employees with safe and humane working conditions. No complaints were received through the Whistle Blower mechanism.

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above: Not Applicable

PRINCIPLE 6
Businesses should respect and make efforts to protect and restore the environment

Note: Current year numbers are reported on standalone basis instead of only 8 paint manufacturing facilities as reported for the last BRSR, the comparative numbers have accordingly undergone change.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:
(In Giga Joules)

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)*	3,26,016	3,20,471
Total fuel consumption (B)*	8,59,664	8,55,782
Energy consumption through other sources (C)*	10,447	9,054
Total energy consumption (A+B+C)*	11,96,127	11,85,307
Energy intensity per rupee of turnover (Total energy consumption/turnover in ₹ Crores)	33.53 GJ/₹ Crore	40.15 GJ/₹ Crore

* Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicators.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable, as the Company does not fall in the category of industries mandated under PAT scheme.

Business Responsibility and Sustainability Reporting (Contd.)

3. Provide details of the following disclosures related to water, in the following format:

Water withdrawal by source (in kilolitres)		
Parameter	FY 2022-23	FY 2021-22
(i) Surface water*	-	-
(ii) Groundwater*	59,394	56,749
(iii) Third party water*	9,73,670	9,39,226
(iv) Seawater/desalinated water*	-	-
(v) Others*	2,35,011	1,71,281
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)*	12,68,075	11,67,256
Total volume of water consumption (in kilolitres)*	12,68,075	11,67,256
Water intensity per rupee of turnover (Water consumed/turnover in Crores)	35.55 KL/₹ Crores	39.54 KL/₹ Crores

* Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

All our manufacturing plants are Zero Liquid Discharge facilities. Recognising the importance of water as a resource, we undertake several initiatives to optimise the consumption and reduce resultant wastewater generation through our reuse or recycle schemes. Such wastewater is further recovered and used back in process. The details of such initiatives can be found under Water Management & Waste Water Management head in the Natural Capital section of this Integrated Annual Report from page no. 112.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	NOx (g)	40.28	42.43
SOx	SO ₂ (g)	10.68	18.84
Particulate matter (PM)	SPM (g)	10.48	12.19
Persistent Organic Pollutants (POP)	-	-	-
Volatile Organic Compounds (VOC)	-	-	-
Hazardous Air Pollutants (HAP)	-	-	-

Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)*	Metric tonnes of CO ₂ equivalent (tCO ₂ e)	74,419	75,499
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)*	Metric tonnes of CO ₂ equivalent (tCO ₂ e)	28,974	29,233
Total Scope 1 and Scope 2 emissions per rupee of turnover in Crores	tCO ₂ e/turnover in Crore	2.90 tCO ₂ e/₹ Crore	3.55 tCO ₂ e/₹ Crore

* Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

7. Does the entity have any project related to reducing Green House Gas (GHG) emission? If Yes, then provide details.

Yes, the Company is aligned to emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks. Accordingly, processes are streamlined to move closer to the common goal. Reducing GHG emissions is not only a business imperative, but also forms a vital part of the Company’s environmental strategy going forward. With the use of renewable energy sources, alternate fuel, and energy efficiency efforts, there is a reduction in emissions.

Reduction in electricity consumption:

The Company is committed to energy conservation and ensure efficient energy usage at all operational facilities. Energy management forms a vital part of approach toward sustainable operations. All the facilities operate with an aim to reduce energy consumption in the processes which have a direct impact on carbon emissions which has resulted in a 36% reduction in specific electricity consumption compared to FY 2013-14.

Renewable Electricity:

Renewable electricity generation is one of the identified focus areas and several investments have been made over the years to build infrastructure. Renewable electricity accounts for 62.2% of the total electricity consumption in FY 2022-23.

Switching to Greener Fuel:

The Company has replaced 4000KW diesel generators capacity with gas-based generators as secondary source of captive power consumption, raised in-house infrastructure for Piped Natural Gas (PNG) handling and has executed a long-term agreement with a vendor to move towards usage of cleaner fuels replaced heavy carbon emissive diesel with natural gas at its plant in Rohtak.

Similarly, all equipment connected to stacks (Thermopacs and boilers) run on PNG; and diesel generator sets (6x500 kVA) are replaced with gas-based generator sets (2X1765 kVA; 1x315 kVA) at Kasna Plant.

Further in a plant in Khandala, the Company has always been exploring Greener Fuels for meeting heating requirements in the plant; Liquid Natural Gas (LNG) and biogas are already in use.

Biogas is sourced from a vendor which is producing the biogas from Pune municipality food waste. Every 100 tons of food waste gives 4.5 tons of biogas. A biogas facility commissioned in the month of October, 2022. During the year, 20.18 tonnes of biogas was consumed.

8. Provide details related to waste management by the entity, in the following format:

Total Waste generated (in metric tonnes)		
Parameter*	FY 2022-23	FY 2021-22
Plastic waste (A)	2,980.9	3,081.4
E-waste (B)	26.2	9.5
Bio-medical waste (C)	0.5	0.4
Construction and demolition waste (D)	3,915.6	2,108.5
Battery waste (E)	68.2	96.8
Radioactive waste (F)	-	-
Other Hazardous waste (G) (such as process waste, waste residue, chemical sludge etc.)	1,129.0	1,813.5
Other Non-hazardous waste generated (H) (such as metal waste, wooden waste, paper waste etc.)	9,690.3	10,259.2
Total (A + B + C + D + E + F + G + H)	17,810.7	17,369.3

* Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

Business Responsibility and Sustainability Reporting (Contd.)

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Parameter	FY 2022-23	FY 2021-22
Category of waste		
(i) Recycled	16,753.4	15,580.1
(ii) Re-used	-	-
(iii) Other recovery operations (co-processing)	410.4	932.9
Total	17,163.8	16,513

For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)

Parameter	FY 2022-23	FY 2021-22
Category of waste		
(i) Incineration	428.8	611.3
(ii) Landfilling	218.1	245.2
(iii) Other disposal operations	-	-
Total	646.9	856.5

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by the Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.
- Waste generation is an inevitable part of manufacturing process, thus the Company takes efforts to create value from waste. With an aim to divert a significant quantum of waste from going to landfills, systems and procedures are adopted that help in repurpose used material and reintroduce excess material into production process. The Company follows the ‘3R’ strategy of Reduce, Reuse and Recycle for waste management and follows legally prescribed procedures, apply environmentally sound disposal techniques for disposing of hazardous waste and the non-hazardous waste is sent to authorised recyclers. A detailed description has been provided in the Natural Capital section of Integrated Annual Report on page no 112.
- Safety and environmental sustainability are integral parts of strong product development processes established by the Company. These processes are built on advanced IT platforms which enable the Company’s state-of-the-art Research & Technology Centre in Mumbai to screen and prevent the entry of potentially hazardous raw materials right at the development stage.
10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Sr. no.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
			Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:
- Environment Impact Assessment Notification, 2006 (EIA) mandates the Company to undertake an study for establishment or expansion of an integrated paint manufacturing plant or synthetic organic chemicals manufacturing plant. Details of EIA study undertaken during the year is provided below:
- | Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) | Relevant Web link |
|---|--------------------------------|---|---|--|---|
| Expansion of Pentaerythritol production | S.O.1533 EIA Notification 2006 | 12 th Aug 2022 (Date of submission of EIA) | Yes | Yes | Welcome to PARIVESH (environmentclearance.nic.in) |

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:
- | S. No. | Specify the law/regulation/ guidelines which was not complied with | Provide details of the non-compliance | Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|--------|--|---------------------------------------|---|---------------------------------|
| | - | - | - | - |

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:
- | Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| From Renewable Sources | | |
| Total electricity consumption (A) | 2,02,731 | 1,95,304 |
| Total fuel consumption (B) | 2,067 | 823 |
| Energy consumption through other sources (C) | - | - |
| Total energy consumed from renewable sources (A+B+C) | 2,04,798 | 1,96,127 |
| From Non Renewable Sources | | |
| Total electricity consumption (D) | 1,23,284 | 1,25,168 |
| Total fuel consumption (E) | 8,57,598 | 8,54,959 |
| Energy consumption through other sources (F) | 10,447 | 9,053 |
| Total energy consumed from non-renewable sources (D+E+F) | 9,91,329 | 9,89,180 |

Note: Reasonable assurance has been carried out by Price Waterhouse Chartered Accountants LLP on above indicator.

2. Provide the following details related to water discharged:
- This is not applicable. As all our decorative manufacturing plants are zero liquid discharge facilities.
3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):
- For each facility/plant located in areas of water stress, provide the following information:
- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:
- As per recent assessment report released by Central Ground Water Authority (CGWA) in December, 2022, none of the Company’s plants are located in the water stress area. Thus, the disclosure is not applicable.
4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent (tCO ₂ e)	33.0 Lakhs	32.0 Lakhs
Total Scope 3 emissions per rupee of turnover	tCO ₂ e/turnover in ₹ Crore	92.52 tCO ₂ e/₹ Crore	108.41 tCO ₂ e/₹ Crore

Business Responsibility and Sustainability Reporting (Contd.)

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

This is not applicable. The Company operates from sites which are located in industrial areas and are not close to ecologically sensitive areas. However, biodiversity initiatives are being undertaken, details of which can be referred to in the Natural Capital section of Integrated Annual Report on page no. 112.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative.
1.	Emission reduction through formulations and process innovations.	Please refer Product Stewardship section in Natural Capital	Avoidance of 20,390 tCO ₂ e in the financial year
2.	Use of recycled content in plastic packaging	Please refer Natural Capital section	5,200 tonnes of recycled content in plastic packaging in FY 2022-23
3.	Water replenishment and conservation outside factory premises	Please refer Water Management section in Natural Capital	In FY 2022-23, the Company has replenished 382% of the total water that is used in manufacturing sites
4.	Multi-modal outbound logistics – Sea & multi-modal	Please refer Water Management section in Natural Capital	Reduce more than 3,000 tCO ₂ e in FY 2022-23

Note: For more Company and plant-specific initiatives, please refer to the Natural Capital of Integrated Annual Report on page no. 112 onwards.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link:

The Company has a standardised disaster management and business continuity plan in place which ensures resilient business operations and utmost safety of employees and the Company’s assets. The business continuity plans are integrated in our Enterprise Risk Management program and guide our response to disruptions to our operations. This covers various scenarios as a part of risk management processes and provides for risk mitigation and management in case of uncertainties.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard:

The Company has in place sustainability targets which serve as a tool to mitigate and tackle the issues that arise from our value chain partners. For details of our mitigation plans, refer the Manufactured capital section and Managing Risks section of this Integrated Annual Report.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

100% of new suppliers (98 new suppliers introduced in FY 2022-23) were screened using environmental criteria.

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

The Company is affiliated with 7 (seven) trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/ National)
1.	The Confederation of Indian Industry (CII)	National
2.	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
3.	The Public Affairs Forum of India	National
4.	India Paint Association (IPA)	National
5.	The Advertising Standards Council of India (ASCI)	National
6.	Indian Society of Advertisers (ISA)	National
7.	Associated Chambers of Commerce and Industry (ASSOCHAM)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
-	-	-

Note:
The Competition Commission of India (CCI) had passed a *prima facie* Order dated 14th January, 2020 directing the Director General (DG) to conduct an investigation against the Company under the provisions of the Competition Act, 2002. The DG submitted a detailed report to the CCI. Based on the findings of the DG’s report and after hearing both the parties, the CCI passed a favourable Order on 8th September, 2022 dismissing the allegations relating to abuse of dominance and anti-competitive agreements made by the competitor. The competitor has now filed an appeal against CCI’s Order before the National Company Law Appellate Tribunal. The said appeal is pending for hearing.

Business Responsibility and Sustainability Reporting (Contd.)

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly /Others – please specify)	Web Link, if available
1.	Plastic waste management through Extended Producer Responsibility.	The Company represents itself in key business associations and/or directly at the government forums in a responsible and transparent manner. The issues taken up are generally related to ease of doing business and only authorised representatives of the Company can interact with these institutions.	No, the information is generally not available in the public domain. These representations are directly made via mail or letters, either directly or through the industry chamber/ associations.	Advocacy policy will be reviewed once in 3 years.	AsianPaintsLimited-AdvocacyPolicy.pdf
2.	Engagement on 'Ease of Doing Business' initiatives on harmonising State and Central laws and compliances.				
3.	Consensus building on integration of state approvals in National Single Window System to simplify the process of applying for regulatory approvals and compliances for the investor.				
4.	Engaged on changes in the Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011 on decriminalising of various offence.				
5.	Representation made on the proposed draft Digital Personal Data Protection Bill, 2022.				
6.	Provided inputs on amending Paint standards proposed by Bureau of Indian Standards.				
7.	Pre-Budget recommendation.				
8.	Recommendations given on sustainable and inclusive growth of manufacturing sector in India to Federation of Indian Chambers of Commerce & Industry (FICCI).				
9.	Provided inputs for making manufacturing more competitive in India to FICCI.				
10.	SEBI consultation paper on various amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Strengthening Corporate Governance, Strengthening Compliance, review of disclosure requirements for material events or information.				

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:
Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:
Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community:

The Company works closely with the community in the identified areas of contribution in the thrust areas for carrying out the Corporate Social Responsibility initiatives. Within the area of work, the employees of the Company work with the communities to understand the impact of the projects on the intended beneficiaries. These interactions provide the people with ample opportunities to gauge and address community concerns. Based on these interactions, we have not encountered any specific grievances from the community at present.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs (%)	18.4	15.2
Sourced directly from within the district and neighboring districts (%)*	28.0	26.8

* The raw material and packing material purchases from within the same State where the Company's manufacturing/contract manufacturing facilities are located have been considered for sourcing from within the district and neighbouring districts.

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):
Not Applicable
2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:
- | Sr no. | State | Aspirational District | Amount spent (in ₹) |
|--------|-------|-----------------------|---------------------|
| | | Nil | |
3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No):
The Company gives priority to suppliers in local community for sourcing of input material, barring speciality chemicals which are procured from buyers who may not be available in local vicinity.
- b. From which marginalised/vulnerable groups do you procure?
Refer point 4 of principle 8 above
- c. What percentage of total procurement (by value) does it constitute?
Refer point 4 of principle 8 above
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual property based on traditional knowledge	Owned/acquired (Yes/No)	Benefits shared (Yes/No)	Basis of calculating benefits shared
-	-	-	-	-

The Company owns various Intellectual Property based on traditional knowledge. However, no benefit is derived or shared with any party.

Business Responsibility and Sustainability Reporting (Contd.)

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:
Not Applicable

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects*	% of beneficiaries from vulnerable and marginalised groups
1.	Health & Hygiene	3,65,000+	8
2.	Colour Academy	5,10,000+	Colour Academies work on imparting skill education and enhancing productivity of the people in paint application/plumbing/carpenter training etc.

Refer to the corporate social responsibility explained in the Social and Relationship Capital in the Integrated Annual Report on page no. 100

PRINCIPLE 9
Businesses should engage with and provide value to their consumers in a responsible manner
Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.
The Company treats customer complaints with utmost importance and believes that it needs to be agile, transparent, and solution-oriented to resolve them efficiently and satisfactorily. The Company ensures to keep the customer informed throughout the entire process of complaint resolution and focus on resolving retail customer complaints within five working days, which includes calling the customer within four hours, connecting with the customer within two days, and providing the final resolution to the customer. These timelines are relevant to our décor category’s customer/applicator/trade expectations. The Company also maintains multiple points of communication with the customer, that is through SMS/Email/WhatsApp, to keep the customer informed of all actions taken on the complaint. Below is the link where all channels of communication are given: <https://www.asianpaints.com/contact-us.html>.

	As a Percentage to total turnover
Environmental and Social Parameters relevant to the product	100
Safe and Responsible Usage	100
Recycling and/or safe disposal	100

3. Number of consumer complaints in respect of the data privacy, advertising, cyber security, restrictive trade practices.

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at the end of the year	Remarks	Received during the year	Pending resolution at the end of the year	Remarks
Data privacy						
Advertising						
Cyber security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

	Number	Reasons for recall
Voluntary Recalls		
Forced Recalls		Nil

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:
Yes, the Company has a policy on cyber security and risk related to data privacy, which is available on the Company’s website at <https://www.asianpaints.com/CGpolicies.html>.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services:
Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).
The platforms used for the information are the Company’s website, Integrated Annual Report, social media platforms and media advertisement/publications. Information relating to all the products and services provided by the Company are available on the Company’s website at <https://www.asianpaints.com/ProductInformationSheets.html>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.
The Company publishes artwork and shade card for all the products detailing relevant content which also includes instructions for safe usage to be referred while using our products. The same is also available on the Company’s website. Further, in meets with the painters and contractors, they are made aware about safe usage of products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:
Not Applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)
Yes, the Company ensures that all the information as required to be displayed on the product labels as per the applicable rules and regulations are properly displayed. Further, product information is available in the Product Information Sheet that is shared with the dealers of the Company and on the website of the Company.

The Company regards customer delight as the final testimony to its success in the market and it carries out annual customer experience surveys for all its products and services and measures customer satisfaction with the Net Promoter Score (NPS). The NPS method measures the percentage of customers who would promote the products and services to other customers and covers most of the customer interaction points, including retail experiences, project sites, bath fittings, safe painting services etc. Company has Customer Centricity department which carries out regular consumer survey/consumer satisfaction trends analysis regularly.

5. Provide the following information relating to data breaches:
a. Number of instances of data breaches along-with impact: Nil
b. Percentage of data breaches involving personally incidents information: Nil

Independent Auditor’s Report

To The Members of Asian Paints Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of Asian Paints Limited (“the Company”), which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in

the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

The Key Audit Matter	How was the matter addressed in our audit
Revenue recognition (Refer note 1.3 (f) and 22A of the Standalone Financial Statements)	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, testing of cut-offs and performing analytical review procedures.

Information Other than the Financial Statements and Auditor’s Report Thereon

- The Company’s Board of Directors is responsible for the other information. The other information comprises the Board’s Report and Business Responsibility report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor’s report thereon.
- Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone

Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company’s Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in

Independent Auditor’s Report (Contd.)

(i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to Standalone Financial Statements.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a)

- and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

As stated in Note 12(b) to the Standalone Financial Statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. 1st April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No.: 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No. 046930
UDIN:23046930BGXRKD9734

Place: Mumbai
Date: 11th May, 2023

Annexure “A” to The Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to Standalone Financial Statements of Asian Paints Limited (“the Company”) as of 31st March, 2023 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to Standalone Financial Statements based on the internal control with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Standalone Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company’s internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or

improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with

reference to Standalone Financial Statements were operating effectively as at 31st March, 2023, based on the criteria for internal financial control with reference to Standalone Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No.: 117366W/W-100018

Rupen K. Bhatt
Partner
Place: Mumbai
Date: 11th May, 2023
Membership No. 046930
UDIN:23046930BGXRKD9734

Annexure “B” to The Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i)

(a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b)

The Company has a program of verification to cover all the items of Property, Plant and Equipment in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment and Capital work-in-progress were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c)

Based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the Financial Statements included in Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
- (d)

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use assets) and intangible assets during the year.
- (e)

No proceedings have been initiated or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii)

(a)

The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from bank on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements filed by the Company with the bank are in agreement with the audited books of account of the Company of the respective quarters.
- (iii)

The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence sub-clauses iii (a), (c), (d), (e), (f) under clause (iii) of the Order are not applicable.
- (b) The investments made, during the year are, *prima facie*, not prejudicial to the Company’s interest.
- (iv)

The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v)

The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi)

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government

under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained.

- (vii)

(a)

Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by

(b) Details of statutory dues referred to in sub clause (a) above which have not been deposited as on 31st March, 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Amount involved (₹ in Crores)	Amount Unpaid (₹ in Crores)
Income Tax	IT Matters under dispute	CIT (A)	A.Y. 2021-22	4.84	4.36
		CIT (A)	A.Y. 2018-19	77.69	64.11
		CIT (A)	A.Y. 2017-18	77.18	37.96
		CIT (A)	A.Y. 2016-17	67.40	51.23
		Tribunal / CIT (A)	A.Y. 2015-16	13.92	6.05
		Tribunal / CIT (A)	A.Y. 2014-15	9.72	-
		Tribunal / CIT (A)	A.Y. 2013-14	2.61	-
		Tribunal / CIT (A)	A.Y. 2012-13	2.92	-
		Assessing Officer	A.Y. 2006-07	0.82	-
		High Court	A.Y. 2007-08	0.09	0.09
		Assessing Officer	A.Y. 2009-10	0.11	0.11
		Assessing Officer	A.Y. 2010-11	0.13	0.13
		CIT (A)	A.Y. 2011-12	0.40	0.32
		Assessing Officer	A.Y. 2011-12	0.31	0.31
			Total	258.14	164.67
Sales tax	Assessment dues	Assessing Authority	F.Y. 1997-98, F.Y. 2002-03, F.Y. 2004-05 to F.Y. 2017-18	22.73	21.78
		First Appellate level	F.Y. 1997-98 to F.Y. 1998-99 F.Y. 2000-01 to F.Y. 2017-18	116.29	106.75
		Second Appellate level	F.Y. 2013-14	0.04	0.00
		Tribunal	F.Y. 1991-92, F.Y. 1993-94 F.Y. 1996-97 to F.Y. 2003-04 F.Y. 2005-06 to F.Y. 2011-12, F.Y. 2013-14 to F.Y. 2017-18	15.95	10.20
		High court	F.Y. 2000-01 to F.Y. 2005-06, F.Y. 2007-08 to F.Y. 2010-11, F.Y. 2012-13 to F.Y. 2017-18.	5.49	4.44
			Total	160.50	143.17

it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2023, for a period of more than six months from the date they became payable.

Annexure “B” to The Independent Auditor’s Report (Contd.)

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Amount involved (₹ in Crores)	Amount Unpaid (₹ in Crores)
Central Excise Act, 1944 Finance Act, 1994 and Customs Act 1962	Assessment dues	Adjudicating Authority	F.Y. 2019-20 to F.Y. 2020-21	1.49	-
		First Appellate	F.Y. 1986-87 F.Y. 1996-97 F.Y. 2013-14 to F.Y. 2016-17 F.Y. 2018-19 to F.Y. 2020-21 F.Y. 2021-22	2.44	0.62
		Tribunal	F.Y. 2005-06 to F.Y. 2017-18 F.Y. 2018-19 to FY 2020-21	16.10	10.62
Goods and Service Tax Act, 2017	Assessment dues	First Appellate	FY 2017-18 to FY 2022-23	0.43	0.24
		Second Appellate	FY 2018-19 to FY 2019-20	0.04	0.00
Employee Provident Fund Act	PF contribution	High court	FY 2006-07 to FY 2007-08 FY 2017-18	0.39	0.39
		Commission	FY 2017-18	1.18	0.47
Minimum Wages Act	Wage Payments	High Court	FY 2002-03	2.73	2.59
Municipal Corporation Act	Property Tax	Municipal Corporation	FY 2013-14	0.33	-
	Octroi	Municipal Corporation	FY 2012-13 to FY 2013-14	0.68	-
Employee State Insurance Act	ESI Contributions	High Court	FY 2005-06	0.01	0.01
		Ministry of Labour & Employment	FY 2018 - 19 to FY 2021- 22	0.35	0.32
The Building and Construction Workers (Regulation of Employment and Conditions of Service), Act 1996	Labour Cess on Plant & Machinery	Joint commissioner of Labour	FY 2018 - 19	8.73	8.23

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.	(d) On an overall examination of the Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been utilised during the year for long-term purposes by the Company.
(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.	(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.	(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.
(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.	(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year

and hence reporting under clause (x)(a) of the Order is not applicable.	(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b), (c) and (d) of the Order are not applicable.
(b) The Company has not made any preferential allotment or private placement of shares or convertible debenture (fully or partly or optionally) during the year and hence reporting under clause (x)(b) of the Order is not applicable to Company.	(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.	(xviii) There has been no resignation of the statutory auditors of the Company during the year.
(b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.	(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
(c) We have taken into consideration, the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.	(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.	
(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.	
(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.	
(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31 st March, 2023.	
(xv) In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.	

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No.: 117366W/W-100018

Rupen K. Bhatt
Partner

Place: Mumbai
Date: 11th May, 2023

Membership No. 046930
UDIN:23046930BGXRKD9734

Balance Sheet
as at 31st March, 2023

Particulars	Notes	(₹ in Crores)	
		As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2A	3,487.58	3,689.63
Right-of-Use Asset	2B	1,080.94	786.20
Capital work-in-progress	3	978.04	225.47
Goodwill	4A	35.36	35.36
Other Intangible Assets	4B	38.81	42.75
Investments in Subsidiaries and Associates	5	1,532.13	1,095.56
Financial Assets			
Investments	5	782.15	550.69
Other Financial Assets	6	348.83	470.61
Income Tax Assets (Net)	7	146.98	144.58
Other Non-Current Assets	8	223.29	119.56
		8,654.11	7,160.41
Current Assets			
Inventories	9	5,321.79	5,277.61
Financial Assets			
Investments	5	2,597.37	2,164.34
Trade Receivables	10	3,462.61	2,915.77
Cash and Cash Equivalents	11A	156.44	276.04
Other Balances with Banks	11B	206.44	32.53
Other Financial Assets	6	1,706.49	1,645.41
Other Current Assets	8	424.59	436.22
		13,875.73	12,747.92
Total Assets		22,529.84	19,908.33
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	95.92	95.92
Other Equity	13	15,489.64	13,253.17
		15,585.56	13,349.09
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	14	49.36	16.16
Lease Liabilities	15	640.14	518.80
Other Financial Liabilities	16	30.20	1.14
Provisions	17	176.11	168.29
Deferred Tax Liabilities (Net)	18C	177.84	205.30
Other Non-current Liabilities	19	39.17	2.11
		1,112.82	911.80
Current Liabilities			
Financial Liabilities			
Lease Liabilities	15	202.80	179.22
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	20	95.69	56.04
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	20	2,950.17	3,441.25
Other Financial Liabilities	16	2,051.51	1,524.78
Other Current liabilities	19	372.05	307.22
Provisions	17	46.35	38.08
Income Tax Liabilities (Net)	21	112.89	100.85
		5,831.46	5,647.44
Total Equity and Liabilities		22,529.84	19,908.33
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the Standalone Financial Statements	2-45		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930

Mumbai
11th May, 2023

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN : L24220MH1945PLC004598

Deepak Satwalekar
Chairman
DIN : 00009627

Milind Sarwate
Chairman of Audit Committee
DIN : 00109854

Mumbai
11th May, 2023

Amit Syngle
Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

Statement of Profit and Loss
for the year ended 31st March, 2023

Particulars	Notes	(₹ in Crores)	
		Year 2022-23	Year 2021-22
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	22A	29,883.09	24,935.57
Revenue from Sale of Services	22A	70.03	66.52
Other Operating Revenue	22A	125.28	186.42
Other Income	23	518.01	451.89
Total Income (I)		30,596.41	25,640.40
EXPENSES			
Cost of Materials Consumed	24A	14,790.95	13,838.90
Purchases of Stock-in-Trade	24B	3,836.33	2,978.69
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	24C	(299.74)	(1,208.63)
Employee Benefits Expense	25	1,513.89	1,310.14
Other Expenses	26	4,416.49	3,681.62
Total Expenses (II)		24,257.92	20,600.72
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		6,338.49	5,039.68
Finance Costs	27	93.06	70.25
Depreciation and Amortisation Expense	28	755.83	721.56
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		5,489.60	4,247.87
Exceptional Items	40	-	53.73
PROFIT BEFORE TAX		5,489.60	4,194.14
Tax Expense	18		
Current Tax		1,418.38	1,107.29
Short tax provision for earlier years		5.94	3.16
Deferred Tax		(34.90)	(51.02)
Total tax expense		1,389.42	1,059.43
PROFIT AFTER TAX		4,100.18	3,134.71
OTHER COMPREHENSIVE INCOME (OCI)			
A. Items that will not be reclassified to Profit or Loss			
(i) (a) Remeasurement of the defined benefit plans		(9.98)	4.39
(b) Income tax benefit/(expense) on remeasurement of defined benefit plans		2.51	(1.11)
(ii) (a) Net fair value gain /(loss) on investments in equity instruments through OCI		90.19	(82.31)
(b) Income tax (expense)/benefit on net fair value gain on investments in equity instruments through OCI		(10.58)	9.59
B. Items that will be reclassified to Profit or Loss			
(a) Net fair value (loss) on investments in debt instruments through OCI		(5.42)	(3.26)
(b) Income tax benefit on net fair value gain on investments in debt instruments through OCI		0.63	0.39
Total Other Comprehensive Income (A+B)		67.35	(72.31)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,167.53	3,062.40
Earnings per equity share (Face value of ₹ 1 each)	32		
Basic (in ₹)		42.76	32.68
Diluted (in ₹)		42.76	32.68
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the Standalone Financial Statements	2-45		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
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Mumbai
11th May, 2023

Amit Syngle
Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2023

A) EQUITY SHARE CAPITAL										
Particulars		As at 31.03.2023				As at 31.03.2022				
(₹ in Crores)										
Balance at the beginning of the reporting year										
Changes in Equity Share capital due to prior period errors										
Restated balance at the beginning of the current reporting period										
Changes in Equity Share capital during the year										
Balance at the end of the reporting year										
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As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930
Mumbai
11th May, 2023

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN : L24220MH1945PLC004598
Deepak Satwalekar
Chairman
DIN : 00009627

Amit Syngle
Managing Director & CEO
DIN : 07232566
R J Jeyamurugan
CFO & Company Secretary
Milind Sarwate
Chairman of Audit Committee
DIN : 00109854
Mumbai
11th May, 2023

Cash Flow Statement

for the year ended 31st March, 2023

Particulars	Year 2022-23		Year 2021-22	
	(₹ in Crores)			
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	5,489.60		4,194.14	
Adjustments for :				
Depreciation and amortisation expense	755.83		721.56	
Interest income	(94.69)		(71.92)	
Dividend income	(70.48)		(27.35)	
Finance costs	93.06		70.25	
Allowance for doubtful debts and advances	33.67		36.40	
Bad debts written off	1.34		-	
Deferred income arising from government grant	(1.54)		(1.76)	
Net unrealised foreign exchange loss	4.46		4.82	
(Gain) on disposal of property, plant and equipment and other intangible assets (net)	(11.45)		(40.36)	
Net gain on modification/ termination of leases	(3.14)		(3.53)	
Net gain arising on financial assets measured at fair value through profit or loss (FVTPL)	(118.62)		(76.09)	
Share based payment expense (net)	11.97		8.52	
Fair valuation loss on earnout and derivatives	26.82		-	
(Reversal)/Provision for expected credit loss on government grants	(27.58)		53.73	
Operating Profit before working capital changes	6,089.25		4,868.41	
Adjustments for :				
(Increase) in trade receivables	(581.98)		(1,141.62)	
Decrease/ (Increase) in financial assets	162.81		(158.99)	
(Increase) in inventories	(44.18)		(2,153.00)	
(Increase) in other assets	(2.88)		(11.81)	
(Decrease)/ Increase in trade payables	(441.98)		593.44	
Increase in other financial liabilities	388.32		232.16	
Increase in other liabilities and provisions	66.97		140.75	
Cash generated from Operating activities	5,636.33		2,369.34	
Income Tax paid (net of refund)	(1,414.68)		(1,109.03)	
Net Cash generated from Operating activities		4,221.65		1,260.31
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and other intangible assets	(1,057.27)		(402.91)	
Sale of property, plant and equipment (including advances)	16.28		27.29	
Payment for acquiring right of use assets	(166.67)		(12.14)	
Investment in subsidiary and associate companies	(398.46)		(79.99)	
Purchase of non-current investments - others	(145.66)		-	
Sale of non-current investments	376.61		146.46	
Purchase of term deposits	(1,218.84)		(1,048.19)	
Proceeds from maturity of term deposits	1,000.19		897.11	
Sale of current investments (net)	67.44		61.03	
Dividend received from subsidiary and associate companies	54.97		-	
Dividend received from others	13.48		15.16	
Net Cash used in Investing activities		(1,396.88)		(339.98)

Cash Flow Statement (Contd.)

for the year ended 31st March, 2023

(₹ in Crores)			
Particulars	Year 2022-23		Year 2021-22
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of non-current borrowings	-		(7.89)
Proceeds from non-current borrowings	74.25		-
Acceptances (net)	(8.97)		86.12
Repayment of principal portion of lease liabilities	(214.20)		(183.24)
Finance costs (including interest on lease liabilities) paid	(91.52)		(68.41)
Purchase of treasury shares by ESOP Trust (net)	(35.57)		(74.95)
Dividend paid	(1,908.86)		(1,740.95)
Net Cash used in Financing activities		(2,184.87)	(1,989.32)
(D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]		639.90	(1,068.99)
Add : Cash and cash equivalents as at 1 st April		2,064.59	3,133.58
Cash and cash equivalents as at 31st March		2,704.49	2,064.59

Notes :

- (a) The above Standalone Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

(₹ in Crores)		
Particulars	As at 31.03.2023	As at 31.03.2022
(b) Cash and Cash Equivalents comprise of		
Cash on hand	0.02	0.03
Balances with Banks :		
- Current Accounts	44.21	220.94
- Cash Credit Account	49.13	8.34
- Deposits with original maturity of less than 3 months	25.01	-
Cheques, draft on hand	38.07	46.73
Cash and cash equivalents (Refer note 11A)	156.44	276.04
Add : Investments in Fixed Maturity Plans (with original maturity of less than 3 months) (Refer note 5(D)(ii))	111.57	-
Add : Investments in Liquid Mutual Funds (Refer note 5(D)(iii))	2,436.48	1,788.55
Cash and cash equivalents in Cash Flow Statement	2,704.49	2,064.59
Significant accounting policies and key accounting estimates and judgements (Refer note 1)		
See accompanying notes to the Standalone Financial Statements (Refer note 2-45)		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930

Mumbai
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Mumbai
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Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

Notes to the Standalone Financial Statements

for the year ended 31st March, 2023

COMPANY BACKGROUND

Asian Paints Limited (the ‘Company’) is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home décor, bath fittings and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant Accounting Policies:

1.1. Basis of preparation of Financial Statements

These Financial Statements are the separate Financial Statements of the Company (also called Standalone Financial Statements) prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these Financial Statements.

The Financial Statements are presented in Indian Rupees (which is also the functional currency of the Company) and is rounded off to the nearest crores except otherwise indicated. Amounts less than ₹ 50,000 have been presented as “#”.

1.2. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

- i. the asset/liability is expected to be realised/ settled in the Company’s normal operating cycle;
- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realised/ settled within twelve months after the reporting period;

- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

1.3. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the

Notes to the Standalone Financial Statements (Contd.)

net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

b) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, 'Business Combinations'.

Goodwill is considered to have indefinite useful life and hence is not subject to amortisation but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so

allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Company.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognises an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

c) Property, Plant and Equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly

attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred.

The Company had elected to consider the carrying value of all its property, plant and equipment appearing in the Financial Statements prepared in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance Sheet prepared on 1st April, 2015.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight-Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of items of property, plant and equipment is mentioned below:

	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants)	10-20
Scientific research equipment	8
Furniture and Fixtures	8
Office Equipment and Vehicles	5
Information Technology Hardware	4

Freehold land is not depreciated. Leasehold improvements are amortised over the period of the lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- The useful lives of certain plant and equipment are estimated in the range of 10-20 years. These lives are different from those indicated in Schedule II.

Notes to the Standalone Financial Statements (Contd.)

- Scientific research equipment are depreciated over the estimated useful life of 8 years, which is higher than the life prescribed in Schedule II.
- Vehicles are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.
- Information Technology hardware are depreciated over the estimated useful life of 4 years, which is higher than the life prescribed in Schedule II.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss when the item is derecognised.

d) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

The Company had elected to consider the carrying value of all its intangible assets appearing in the Financial Statements

prepared in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance Sheet prepared on 1st April, 2015.

Amortisation:

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

e) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary and associate

companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses, on assets other than goodwill are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

f) Revenue

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based

on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products:

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from décor services / painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

Advance from customers is recognised under other liabilities and released to revenue on satisfaction of performance obligation.

g) Government grants and subsidies

Recognition and Measurement:

The Company is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognised as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to them. Income from subsidies is recognised on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognised.

The Company has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below-market rate of interest is measured as

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the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognised as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to the loans. Income from such benefit is recognised on a systematic basis over the period in which the related costs that are intended to be compensated by such grants are recognised.

Presentation:

Income from the above grants and subsidies are presented under Revenue from Operations.

h) Inventory

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realisable value is made on an item-by item basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

The Company considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the provision for

slow moving, obsolete and other non-saleable inventory and adjusts the inventory provisions to reflect the recoverable value of inventory.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

The Company recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortised cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortised cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer note 29 for further details). Such financial assets are subsequently measured at amortised cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Other Comprehensive Income (OCI). However, the Company recognises interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer note 29 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognised under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognised in OCI. However, the Company recognises dividend income from such instruments in the Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the

Notes to the Standalone Financial Statements (Contd.)

Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortised cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company’s Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a ‘pass-through’ arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognise such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognises an associated liability. The financial asset and the associated liability are

measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortised cost (other than trade receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as (ii) and (iii) above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which

result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

Financial Liabilities

Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that

market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method (Refer note 29 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified; such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Derivative financial instruments

The Company enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its

Notes to the Standalone Financial Statements (Contd.)

foreign currency risks relating to foreign currency denominated financial liabilities measured at amortised cost.

The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognised financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

Recognition and measurement of fair value hedge:

Hedging instrument is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognised in the Statement of Profit and Loss. Hedging instrument is recognised as a financial asset in the Balance Sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognised financial liability) is initially recognised at fair value on the date of entering into contractual obligation and is subsequently measured at amortised cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognised in the Statement of Profit and Loss.

Derecognition:

On Derecognition of the hedged item, the unamortised fair value of the hedging instrument adjusted to the hedged item, is recognised in the Statement of Profit and Loss

The Company also enters into forward and option contracts to purchase an additional stake in equity capital in some of its investments in subsidiary and associate companies. Such derivatives are recognised in its Balance Sheet when the Company becomes party to contractual provisions of the instrument. These derivatives are initially recognised at fair

value when the contract is entered. Derivative contracts are remeasured at fair value at the end of each reporting period and changes are recognised in Statement of Profit and Loss.

k) Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy that categorises into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period and discloses the same.

l) Investment in subsidiary and associate Companies

The Company has elected to recognise its investments in subsidiary and associate

companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 5. Impairment policy applicable on such investments is explained in note 1.3(e) above.

Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Statement of Profit and Loss.

m) Foreign Currency Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

n) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are

taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognised. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Notes to the Standalone Financial Statements (Contd.)

Uncertain tax positions:

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Company applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

Presentation of current and deferred tax:

Current and deferred tax are recognised as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

o) Provisions and Contingencies

The Company recognises provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the

risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

p) Measurement of EBITDA

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

q) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

r) Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all

applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

The Company recognises contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans:

i) Provident fund scheme:

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme:

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

iii) Pension Scheme:

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan:

The Company operates a defined post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognised in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Notes to the Standalone Financial Statements (Contd.)

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognised in the Statement of Profit and Loss (including actuarial gain and loss).

s) Employee Share based Payments:

The Company operates equity settled share based plan for the employees (Referred to as employee stock option plan (ESOP)). ESOP granted to the employees are measured at fair value of the stock options at the grant date. Such fair value of the equity settled share based payments is expenses on a straight line basis over the vesting period, based on the Company's estimate of equity shares that will eventually vest, with a corresponding increase in equity (employee stock option reserve). At the end of each reporting period, the Company revises its estimate of number of equity shares expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that cumulative expense reflects the revision estimate, with a corresponding adjustment to the employee stock option reserve.

The Company recovers the expenses incurred on behalf of its subsidiary for the stock options granted to the employees of the subsidiaries. The said recovery is netted off from the Employee benefits expense.

t) Treasury shares:

The Company has created an ESOP Trust (Asian Paints Employees Stock Ownership Trust) which acts as a vehicle to execute its ESOP plan. The ESOP trust is considered as an extension of the Company and the shares held by the ESOP trust are treated as Treasury shares. The ESOP Trust purchases Company's share from secondary

market for issuance to the employees on exercise of the granted stock options. These shares are recognised at cost and is disclosed as separately as reduction from Other Equity as treasury shares. No gain or loss in is recognised the Statement of Profit and Loss on purchase, sale, issuance, or cancellation of treasury shares.

u) Lease accounting

Assets taken on lease:

The Company mainly has lease arrangements for land and building for offices, warehouse spaces and retail stores and vehicles.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the Statement of Profit or Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU assets and lease liabilities for short term leases as well as low value assets and recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) Research and Development

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilised for

research and development are capitalised and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

w) Borrowing Cost

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

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

x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

y) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

z) Non-current Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

Notes to the Standalone Financial Statements (Contd.)

aa) Earnings Per Share (EPS)

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year, adjusted for treasury shares.

Diluted Earnings Per Share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for the effects of all dilutive potential equity shares.

ab) Exceptional items:

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Company is treated as an exceptional item in the Statement of Profit and Loss account.

ac) Recent accounting pronouncements:

Standards issued but not yet effective:

In March 2023, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below:

- a. Ind AS 1 – Presentation of Financial Statements – the amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the Financial Statements is expected to be insignificant basis the preliminary evaluation.
- b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – the amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the Financial Statements basis the preliminary evaluation.
- c. Ind AS 12 – Income taxes – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There

is no impact of the amendment on the Financial Statements basis the preliminary evaluation.

The above amendments are effective from annual periods beginning on or after 1st April, 2023.

1.4. Key accounting estimates and judgements

The preparation of the Company’s Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

- a) Income taxes
The Company’s tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (Refer Note 18).
- b) Business combinations and intangible assets
Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.
- c) Property, plant and equipment
Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic

depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company’s assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or Groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management’s best estimate about future developments.

e) Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 ‘Employee benefits’ over the

period during which benefit is derived from the employees’ services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 35, ‘Employee benefits’.

f) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk - free interest rate (based on government bonds). Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 35(3).

g) Fair value measurement of financial instruments

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

h) Right-of-use assets and lease liability

The Company has exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

Notes to the Standalone Financial Statements (Contd.)

NOTE 2A : PROPERTY, PLANT AND EQUIPMENT

	Gross carrying value			Depreciation/Amortisation			Net carrying value (₹ in Crores)
	As at 01.04.2022	Additions during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Additions during the year	
				As at 31.03.2023	Deductions / Adjustments	As at 31.03.2023	
Freehold Land	345.86	0.95	-	346.81	-	-	346.81
Buildings	1,371.43	30.74	3.10	1,399.07	56.02	0.76	1,067.00
Plant and Equipment ^	4,027.97	210.42	9.92	4,228.47	1,952.01	393.87	1,890.42
Scientific Research :							
Buildings	71.28	-	-	71.28	15.04	2.74	53.50
Equipment ^	72.97	2.29	(0.09)	75.35	47.48	6.79	21.06
Leasehold Improvements	0.31	-	-	0.31	0.08	0.03	0.20
Furniture and Fixtures	84.92	30.86	1.02	114.76	48.84	10.98	55.90
Vehicles	3.01	-	-	3.01	2.13	0.39	0.49
Office Equipment	76.09	11.84	2.18	85.75	52.76	9.76	25.40
Leasehold Improvements	8.92	0.33	-	9.25	8.92	0.01	0.32
Information Technology Hardware	186.32	14.95	9.42	191.85	155.38	19.41	26.48
Total	6,249.08	302.38	25.55	6,525.91	2,559.45	500.00	3,487.58

	Gross carrying value			Depreciation/Amortisation			Net carrying value (₹ in Crores)
	As at 01.04.2021	Additions during the year	Deductions / Adjustments	As at 31.03.2022	As at 01.04.2021	Additions during the year	
				As at 31.03.2022	Deductions / Adjustments	As at 31.03.2022	
Freehold Land	341.19	4.71	0.04	345.86	-	-	345.86
Buildings	1,360.71	12.29	1.57	1,371.43	222.34	55.66	1,094.62
Plant and Equipment	3,867.73	165.49	5.25	4,027.97	1,565.95	390.03	2,075.96
Scientific Research :							
Buildings	71.28	-	-	71.28	12.30	2.74	56.24
Equipment	71.39	1.90	0.32	72.97	40.41	7.39	25.49
Leasehold Improvements	0.27	0.04	-	0.31	0.05	0.03	0.23
Furniture and Fixtures	72.25	13.74	1.07	84.92	41.05	8.75	36.08
Vehicles	3.04	-	0.03	3.01	1.64	0.49	0.88
Office Equipment	70.87	8.53	3.31	76.09	46.47	9.52	23.33
Leasehold Improvements	8.92	-	-	8.92	8.31	0.61	-
Information Technology Hardware	174.91	12.99	1.58	186.32	132.24	24.72	30.94
Total	6,042.56	219.69	13.17	6,249.08	2,070.76	499.94	3,689.63

Title deeds of all immovable properties are in the name of the Company. The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 33 (b).

^ “Plant and Equipment” amounting to ₹ 0.38 crores has been reclassified under “Scientific Research - Equipment” subsequent to transfer of assets from Plant to R&D facility.

NOTE 2B : RIGHT-OF-USE ASSETS

Movement in net carrying amount	Year 2022-23				Year 2021-22		
	Leasehold Land	Building	Vehicles	Total	Leasehold Land	Building	Vehicles
Balance as at 1 st April	144.77	640.63	0.80	786.20	146.56	566.87	1.36
Additions	142.92	413.18	0.54	556.64	-	304.28	0.28
Depreciation	1.92	231.87	0.56	234.35	1.79	197.07	0.72
Deletions	-	27.48	0.07	27.55	-	33.45	0.12
Balance as at 31 st March	285.77	794.46	0.71	1,080.94	144.77	640.63	0.80

All lease agreements are duly executed in favour of the Company.

For additions and movement in lease liabilities Refer note 15.

NOTE 3 : CAPITAL WORK-IN-PROGRESS
Capital Work-In- Progress (CWIP) ageing schedule

CWIP	Amount in CWIP for a period of				As at 31.03.2023
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	849.23	122.85	2.13	3.83	978.04
Projects temporarily suspended	-	-	-	-	-
CWIP	Amount in CWIP for a period of				As at 31.03.2022
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	214.57	4.98	2.97	2.95	225.47
Projects temporarily suspended	-	-	-	-	-

CWIP assets where completion is overdue and/or cost has exceeded its original plan

CWIP	To be completed in				As at 31.03.2023
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Wada Plant	22.29	-	-	-	22.29
Kasna Plant Expansion	80.65	-	-	-	80.65

There were no CWIP assets where completion was overdue against original planned timelines or where estimated cost exceeded its original plant cost as on 31st March, 2022.

Notes to the Standalone Financial Statements (Contd.)

NOTE 4 : INTANGIBLE ASSETS (ACQUIRED SEPARATELY)

	Gross carrying value				Amortisation				Net carrying value	
	As at 01.04.2022	Additions during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Additions during the year	Deductions / Adjustments	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023
A. GOODWILL										
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	-	35.36
Total (A)	35.36	-	-	35.36	-	-	-	-	-	35.36
B. OTHER INTANGIBLE ASSETS										
Trademark	6.39	-	-	6.39	2.05	1.09	-	3.14	3.25	3.25
Computer Software	212.27	17.59	35.02	194.84	173.86	20.37	34.62	159.61	35.23	35.23
Scientific Research :										
Computer Software	0.17	0.34	-	0.51	0.17	0.02	0.01	0.18	0.33	0.33
Total (B)	218.83	17.93	35.02	201.74	176.08	21.48	34.63	162.93	38.81	38.81
Total (A+B)	254.19	17.93	35.02	237.10	176.08	21.48	34.63	162.93	74.17	74.17
	Gross carrying value				Amortisation				Net carrying value	
	As at 01.04.2021	Additions during the year	Deductions / Adjustments	As at 31.03.2022	As at 01.04.2021	Additions during the year	Deductions / Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2022
A. GOODWILL										
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	-	35.36
Total (A)	35.36	-	-	35.36	-	-	-	-	-	35.36
B. OTHER INTANGIBLE ASSETS										
Trademark	1.39	5.00	-	6.39	0.96	1.09	-	2.05	4.34	4.34
Computer Software	194.00	18.27	-	212.27	152.92	20.94	-	173.86	38.41	38.41
Scientific Research :										
Computer Software	0.17	-	-	0.17	0.16	0.01	-	0.17	-	-
Total (B)	195.56	23.27	-	218.83	154.04	22.04	-	176.08	42.75	42.75
Total (A+B)	230.92	23.27	-	254.19	154.04	22.04	-	176.08	78.11	78.11

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 33(b).

NOTE 4 : INTANGIBLE ASSETS (ACQUIRED SEPARATELY) (CONTD.)

Note :

Allocation of Goodwill to cash generating units

Goodwill is allocated to the following cash generating unit ("CGU") for impairment testing purpose-

(₹ in Crores)		
	As at 31.03.2023	As at 31.03.2022
Bath Fittings Business	35.36	35.36

The recoverable amount of this CGU for impairment testing is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five-year period (Previous year - five year), as the Company believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows.

As at 31st March, 2023 and 31st March, 2022, goodwill in respect of Bath Fittings Business was not impaired.

Key Assumptions used for value in use calculations are as follows :

	As at 31.03.2023	As at 31.03.2022
Compounded average net sales growth rate for five-year period (Previous year - five year)	28%	29%
Growth rate used For extrapolation of cash flow projections beyond the five-year period (Previous year - five year)	4%	4%
Discount rate	15.25%	12.25%

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Discount rates- Management estimates discount rates using pre-tax rates that reflect current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital.

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on demand condition. The weighted average growth rates used are consistent with industry reports.

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Notes to the Standalone Financial Statements (Contd.)

NOTE 5 : INVESTMENTS

(₹ in Crores)						
	Nos.	Face value (₹)	Non-Current		Current	
			As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
A. Investments in Equity Instruments						
(a) Unquoted equity shares						
(i) Subsidiaries (measured at cost, Refer note 1.3(i))						
(a) Asian Paints Industrial Coatings Limited	3,04,50,000	10	30.45	30.45	-	-
(b) Asian Paints International Private Limited	42,78,75,387		706.44	706.44	-	-
(c) Asian Paints (Nepal) Private Limited	32,54,310	NPR 10	0.12	0.12	-	-
(d) Maxbhumi Developers Limited	4,19,000	10	15.55	15.55	-	-
Less : Impairment loss			(3.50)	(3.50)	-	-
			12.05	12.05	-	-
(e) Sleek International Private Limited	2,90,100	10	329.60	329.60	-	-
Less : Impairment loss			(95.00)	(95.00)	-	-
			234.60	234.60	-	-
(f) Asian Paints PPG Private Limited	52,43,961	10	30.47	30.47	-	-
(g) Weatherseal Fenestration Private Limited (Refer note 37(a))	10,409	10	20.69	-	-	-
(h) Asian Paints (Polymers) Private Limited (Refer note 37(c))	20,00,00,000	10	200.00	-	-	-
			1,234.82	1,014.13	-	-
(ii) Associate companies (measured at cost, Refer note 1.3(ii))						
Obgenix Software Private Limited (Refer note 37(b))	1,96,490	10	215.88	-	-	-
PPG Asian Paints Private Limited	2,85,18,112	10	81.43	81.43	-	-
			297.31	81.43	-	-
Investments in subsidiaries and associate companies (i + ii)						
			1,532.13	1,095.56	-	-
(iii) Other equity shares measured at FVTPL						
			1.92	1.07	-	-
Total Unquoted equity shares						
			1,534.05	1,096.63	-	-
(b) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	462.55	383.75	-	-
Housing Development Finance Corporation Limited	4,65,000	2	122.09	111.15	-	-
Apcotex Industries Limited	34,180	2	1.68	1.23	-	-
Total Quoted equity shares						
			586.32	496.13	-	-
Total Investments in Equity Instruments other than Investments in subsidiaries and associate companies (a(iii) + b)						
		A	588.24	497.20	-	-
B. Investments in Unquoted Government Securities Measured at Amortised Cost						
#[₹ 39,500/- (As at 31 st March, 2022 - ₹ 39,500)]						
C. Investments in Debentures or Bonds measured at FVTOCI						
(a) Unquoted Debentures or Bonds			1.49	1.02	49.32	-
(b) Quoted Debentures or Bonds			192.42	52.47	-	25.31
Total Investments in Debentures or Bonds (a + b)						
		C	193.91	53.49	49.32	25.31
D. Investments in Quoted Mutual Funds measured at FVTPL						
(i) Investments in Fixed Maturity Plans (with original maturity of more than 3 months)			-	-	-	350.48
(ii) Investments in Fixed Maturity Plans (with original maturity of less than 3 months)			-	-	111.57	-
(iii) Investments in Liquid Mutual Funds			-	-	2,436.48	1,788.55
Total Investments in Mutual Funds - Quoted (i + ii + iii)						
		D	-	-	2,548.05	2,139.03
Total Investments (A+B+C+D)						
			782.15	550.69	2,597.37	2,164.34
Aggregate amount of quoted investments - At cost			233.55	89.74	2,460.86	2,041.09
Aggregate amount of quoted investments - At market value			778.74	548.60	2,548.05	2,164.34
Aggregate amount of unquoted investments			1,535.54	1,097.65	49.32	-
Aggregate amount of impairment in value of investments			98.50	98.50	-	-

NOTE 6 : OTHER FINANCIAL ASSETS *

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Unsecured & considered good				
Security deposits	42.04	55.14	32.39	12.61
Dividend receivable from Subsidiary Companies	-	-	14.22	12.19
Royalty receivable from Subsidiary and Associate Companies	-	-	100.48	80.34
Due from Subsidiary Companies	-	-	21.91	32.82
Due from Associate Companies	-	-	3.73	0.68
Subsidy receivable from State Governments (net)^	300.56	365.71	121.98	220.07
Term deposits held as margin money against bank guarantee and other commitments	0.09	0.09	-	-
Term deposits with more than 12 months of original maturity	-	48.19	1,134.29	1,030.07
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	6.31	2.72
Quantity discount receivable	-	-	258.62	235.65
Foreign currency forward exchange contract (net)	-	-	0.05	-
Retention monies receivable from customers	2.23	1.48	-	0.01
Derivative asset towards further stake acquisition in Subsidiary and Associate Company (Refer note 37(a) and 37(b))	3.91	-	2.27	-
Other receivables	-	-	10.24	18.25
Subtotal (A)	348.83	470.61	1,706.49	1,645.41
Unsecured & considered doubtful				
Royalty receivable from Subsidiary and Associate Companies	-	-	4.13	4.13
Due from Subsidiary Companies	-	-	3.18	2.96
	-	-	7.31	7.09
Less : Allowance for doubtful debts and advances	-	-	(7.31)	(7.09)
Subtotal (B)	-	-	-	-
Total (A+B)	348.83	470.61	1,706.49	1,645.41

* Refer note 29(C) for information about credit risk of other financial assets.

^ Current and Non Current portion of subsidy receivable from state governments is net of allowance for expected credit loss amounting to ₹ 7.05 crores (Previous year - ₹ 12.12 crores) and ₹ 19.10 crores (Previous year - ₹ 41.61 crores) respectively. The allowance is created to provide for time value of money (Refer note 29(C)2 & 40).

NOTE 7 : INCOME TAX ASSETS (NET)

(₹ in Crores)		
	Non-Current	
	As at 31.03.2023	As at 31.03.2022
Advance payment of Income Tax (net)	146.98	144.58
Total	146.98	144.58

Notes to the Standalone Financial Statements (Contd.)

NOTE 8 : OTHER ASSETS

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Capital advances	161.41	72.04	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	61.88	47.52	269.07	152.31
ii) Balances with government authorities	-	-	140.79	276.66
iii) Advances to employees	-	-	3.37	1.12
iv) Duty credit entitlement	-	-	0.23	0.21
	61.88	47.52	413.46	430.30
(c) Other receivables	-	-	7.19	4.58
(d) Contract assets	-	-	3.94	1.34
Total	223.29	119.56	424.59	436.22

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person.
For details of advances due (if any) from firms or private companies in which any director is a partner, a director or a member, Refer note 38.

NOTE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crores)		
	Current	
	As at 31.03.2023	As at 31.03.2022
(a) Raw materials	1,504.57	1,390.86
Raw materials-in-transit	204.62	553.31
	1,709.19	1,944.17
(b) Packing materials	67.49	85.21
(c) Work-in-progress	167.25	177.42
(d) Finished goods	2,397.08	2,261.57
(e) Stock-in-trade (acquired for trading)	803.03	613.14
Stock-in-trade (acquired for trading)-in-transit	29.14	44.63
	832.17	657.77
(f) Stores, spares and consumables	139.40	151.47
Stores, spares and consumables-in-transit	9.21	-
	148.61	151.47
Total	5,321.79	5,277.61

The cost of inventories recognised as an expense during the year is disclosed in Note 24. It includes ₹ 90.24 crores net of reversals (Previous year - ₹ 42.75 crores) in respect of write down of inventory to net realisable value, slow moving, damaged and obsolete items.

NOTE 10 : TRADE RECEIVABLES

(₹ in Crores)		
	Current	
	As at 31.03.2023	As at 31.03.2022
Trade receivables - Unsecured		
(a) Considered good	3,462.61	2,915.77
(b) Considered doubtful	127.83	94.38
	3,590.44	3,010.15
Less : Allowance for doubtful debts (Refer note 29(C)2)	(127.83)	(94.38)
Total	3,462.61	2,915.77

There are no outstanding trade receivables from any directors or other officers of the Company or any of them either severally or jointly with any other person. For details of trade receivables from firms or private companies in which any director is a partner, a director or a member, subsidiary and associate companies, Refer note 38.

NOTE 10 : TRADE RECEIVABLES (CONTD.)

Trade Receivables ageing schedule

(₹ in Crores)								
	Unbilled	Not Due	Outstanding for following periods from due date of payment					As at 31.03.2023
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables - Unsecured								
(a) Undisputed, considered good	3.99	3,094.70	325.60	38.32	-	-	-	3,462.61
(b) Undisputed, considered doubtful	-	0.12	0.45	13.87	43.19	11.26	16.91	85.80
(c) Disputed, considered good	-	-	-	-	-	-	-	-
(d) Disputed, considered doubtful	-	0.16	0.52	1.68	13.41	9.43	16.83	42.03
	3.99	3,094.98	326.57	53.87	56.60	20.69	33.74	3,590.44
Less : Allowance for doubtful debts								127.83
Total								3,462.61

(₹ in Crores)								
	Unbilled	Not Due	Outstanding for following periods from due date of payment					As at 31.03.2022
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Trade receivables - Unsecured								
(a) Undisputed, considered good	0.26	2,737.74	148.22	29.55	-	-	-	2,915.77
(b) Undisputed, considered doubtful	-	0.17	0.99	5.46	16.53	12.14	12.28	47.57
(c) Disputed, considered good	-	-	-	-	-	-	-	-
(d) Disputed, considered doubtful	-	0.90	6.92	9.50	11.63	8.12	9.74	46.81
	0.26	2,738.81	156.13	44.51	28.16	20.26	22.02	3,010.15
Less : Allowance for doubtful debts								94.38
Total								2,915.77

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Notes to the Standalone Financial Statements (Contd.)

NOTE 11 : CASH AND BANK BALANCES

(₹ in Crores)		
	Current	
	As at 31.03.2023	As at 31.03.2022
(A) Cash and Cash Equivalents		
(i) Balances with Banks		
(a) Current Accounts	44.21	220.94
(b) Cash Credit Account (Refer note below)	49.13	8.34
(c) Deposits with original maturity of less than 3 months	25.01	-
(ii) Cheques, drafts on hand	38.07	46.73
(iii) Cash on hand	0.02	0.03
Total	156.44	276.04
(B) Other Balances with Banks		
(i) Term deposits with original maturity of more than 3 months but less than 12 months	181.57	-
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	23.99	23.47
(iii) Earmarked balances for CSR (Refer note 41)	0.88	9.06
Total	206.44	32.53

The borrowings carry an interest rate of 8.40% p.a. (Previous year - 7.05% p.a.).

During the year, all charges on borrowings secured by hypothecation of inventories, trade receivables and other current assets are satisfied and converted into unsecured borrowings. These were secured borrowings in last year. Quarterly statements of current assets filed by the Company with Bank towards these secured borrowings are in agreement with the books of accounts. The Company has not used borrowings for purpose other than specified purpose of the borrowing.

* The Company can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

NOTE 12 : EQUITY SHARE CAPITAL

(₹ in Crores)		
	As at 31.03.2023	As at 31.03.2022
Authorised		
99,50,00,000 Equity Shares of face value of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of face value of ₹ 100 each	0.50	0.50
	100.00	100.00
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Shares of face value of ₹ 1 each fully paid	95.92	95.92
	95.92	95.92

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

	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
Fully paid Equity Shares				
At the beginning of the reporting year	95,91,97,790	95.92	95,91,97,790	95.92
Changes in Equity Share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	95,91,97,790	95.92	95,91,97,790	95.92
Changes in Equity Share capital during the year	-	-	-	-
At the end of the reporting year	95,91,97,790	95.92	95,91,97,790	95.92

NOTE 12 : EQUITY SHARE CAPITAL (CONTD.)

b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(₹ in Crores)		
	Year 2022-23	Year 2021-22
Dividend paid during the year		
Final dividend for the FY 2021-22 [₹ 15.50 (Previous year - ₹ 14.50) per equity share of face value of ₹ 1 each]	1,486.78	1,390.84
Interim dividend for the FY 2022-23 [₹ 4.40 (Previous year - ₹ 3.65) per equity share of face value of ₹ 1 each]	422.08	350.11
	1,908.86	1,740.95

Proposed dividend for FY 2022-23 is ₹ 21.25 per equity share of face value of ₹ 1 each amounting to ₹ 2,038.30 crores (Previous year - ₹ 15.50 per equity share of face value of ₹ 1 each), subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability. If approved, the total dividend (interim and final dividend) for the financial year 2022-23 will be ₹ 25.65 (Rupees Twenty five and paise sixty five only) per equity share of the face value of ₹ 1 each (₹ 19.15 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

As per the Companies Act, 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of Shareholders holding more than 5% equity shares in the Company @

Name of the Shareholders	As at 31.03.2023		As at 31.03.2022	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of face value of ₹ 1 each held by :				
1. Smiti Holding and Trading Company Private Limited	5,53,39,068	5.77%	5,53,39,068	5.77%
2. Sattva Holding and Trading Private Limited	5,47,89,183	5.71%	5,47,89,183	5.71%

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

d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year

Promoter Name	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Smiti Holding and Trading Company Private Limited	5,53,39,068	5.77%	5,53,39,068	5.77%	0.00%
Sattva Holding and Trading Private Limited	5,47,89,183	5.71%	5,47,89,183	5.71%	0.00%
Geetanjali Trading and Investments Private Limited	4,57,06,140	4.77%	4,57,06,140	4.77%	0.00%
Elcid Investments Limited	2,83,13,860	2.95%	2,83,13,860	2.95%	0.00%

Notes to the Standalone Financial Statements (Contd.)

NOTE 12 : EQUITY SHARE CAPITAL (CONTD.)

d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year (Contd.)

Promoter Name	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Gujarat Organics Pvt Ltd.	2,31,50,730	2.41%	2,31,50,730	2.41%	0.00%
Sudhanava Investments and Trading Company Private Limited	1,90,01,760	1.98%	1,90,01,760	1.98%	0.00%
Rupen Investment & Industries Private Limited	1,88,49,825	1.97%	1,88,49,825	1.97%	0.00%
Satyadharma Investments and Trading Company Private Ltd.	1,83,34,280	1.91%	1,83,34,280	1.91%	0.00%
Castle Investment & Industries Private Limited	1,54,57,470	1.61%	1,54,57,470	1.61%	0.00%
Lyon Investment & Industries Private Limited	1,43,42,060	1.50%	1,43,42,060	1.50%	0.00%
Nehal Abhay Vakil	57,38,489	0.60%	1,28,05,610	1.34%	-55.19%
Dipika Amar Vakil	1,27,86,340	1.33%	1,27,86,340	1.33%	0.00%
Jaldhar Investments and Trading Company Private Limited	1,24,28,250	1.30%	1,24,28,250	1.30%	0.00%
Late Abhay Arvind Vakil	1,24,18,060	1.29%	1,24,18,060	1.29%	0.00%
Tru Trading and Investments Pvt Limited	1,21,76,500	1.27%	1,21,76,500	1.27%	0.00%
Nehal Trading and Investments Private Limited	1,11,02,530	1.16%	1,11,02,530	1.16%	0.00%
Asteroids Trading and Investments Private Limited	1,08,18,530	1.13%	1,08,18,530	1.13%	0.00%
Jalaj Trading & Investment Company Private Limited	1,07,76,697	1.12%	1,07,76,697	1.12%	0.00%
Unnati Trading and Investments Private Limited	1,04,72,600	1.09%	1,04,72,600	1.09%	0.00%
Doli Trading and Investments Private Limited	93,63,440	0.98%	93,63,440	0.98%	0.00%
Centaurus Trading and Investments Pvt Ltd.	74,08,940	0.77%	74,08,940	0.77%	0.00%
Suptaswar Investments and Trading Company Limited	65,58,310	0.68%	65,58,310	0.68%	0.00%
Lambodar Investments and Trading Company Limited	60,15,130	0.63%	60,15,130	0.63%	0.00%
Murahar Investments and Trading Company Limited	57,43,670	0.60%	57,43,670	0.60%	0.00%
Hiren Holdings Private Limited	41,52,310	0.43%	41,52,310	0.43%	0.00%
Satyen Ashwin Gandhi	37,25,940	0.39%	37,25,940	0.39%	0.00%
Hiren Ashwin Gandhi	37,06,265	0.39%	37,06,265	0.39%	0.00%
Malav A Dani	33,05,510	0.34%	33,05,510	0.34%	0.00%
Hasit A Dani	31,50,800	0.33%	31,50,800	0.33%	0.00%
Vivek Abhay Vakil	68,12,369	0.71%	31,26,760	0.33%	117.87%
Vakil HUF (Varun Amar Vakil)	31,03,290	0.32%	31,03,290	0.32%	0.00%
Vishal Shailesh Choksi	29,51,220	0.31%	29,51,220	0.31%	0.00%
Bhairavi Abhay Vakil	60,64,322	0.63%	26,82,810	0.28%	126.04%
Shailesh Chimanlal Choksi	25,91,210	0.27%	25,91,210	0.27%	0.00%
Amrita Amar Vakil	25,66,680	0.27%	25,66,680	0.27%	0.00%

NOTE 12 : EQUITY SHARE CAPITAL (CONTD.)

d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year (Contd.)

Promoter Name	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Manish Mahendra Choksi	23,81,040	0.25%	23,81,040	0.25%	0.00%
Varun Amar Vakil	22,30,590	0.23%	22,30,590	0.23%	0.00%
Prafullika Shailesh Choksi	21,42,560	0.22%	21,42,560	0.22%	0.00%
Amar Arvind Vakil HUF (Varun Amar Vakil)	21,12,190	0.22%	21,12,190	0.22%	0.00%
ELF Trading and Chemical Manufacturing Private Limited	21,08,160	0.22%	21,08,160	0.22%	0.00%
Abhay Arvind Vakil HUF (Vivek Abhay Vakil)	20,76,820	0.22%	20,76,820	0.22%	0.00%
Jigish Shailesh Choksi	19,95,180	0.21%	19,95,180	0.21%	0.00%
Rupal Anant Bhat	19,23,770	0.20%	19,23,770	0.20%	0.00%
Shailesh Chimanlal Choksi HUF (Shailesh Chimanlal Choksi)	17,49,690	0.18%	17,49,690	0.18%	0.00%
Mahendra Chimanlal Choksi	16,56,380	0.17%	16,56,380	0.17%	0.00%
Jalaj A Dani	16,00,200	0.17%	16,00,200	0.17%	0.00%
Asha Subhash Gujarathi	14,23,400	0.15%	14,23,400	0.15%	0.00%
Ashwin Suryakant Dani	11,24,870	0.12%	11,24,870	0.12%	0.00%
Rita Mahendra Choksi	9,80,000	0.10%	9,80,000	0.10%	0.00%
Rayirth Holding and Trading Company Private Limited	9,65,910	0.10%	9,65,910	0.10%	0.00%
Rupen Ashwin Choksi	9,28,607	0.10%	9,28,607	0.10%	0.00%
Ashish Ashwin Choksi	8,80,840	0.09%	8,80,840	0.09%	0.00%
Ashwin Suryakant Dani HUF (Ashwin Suryakant Dani)	8,45,000	0.09%	8,45,000	0.09%	0.00%
Urvashi Ashwin Choksi	8,38,110	0.09%	8,38,110	0.09%	0.00%
ACC AP TRUST	7,85,700	0.08%	7,85,700	0.08%	0.00%
Rhea Amit Sethi	7,02,000	0.07%	7,02,000	0.07%	0.00%
Mahendra Chimanlal Choksi HUF (Mahendra Chimanlal Choksi)	5,39,800	0.06%	5,39,800	0.06%	0.00%
Ina Ashwin Dani	5,15,920	0.05%	5,15,920	0.05%	0.00%
Ami Manish Choksi	4,72,200	0.05%	4,72,200	0.05%	0.00%
Vita Jalaj Dani	4,35,260	0.05%	4,35,260	0.05%	0.00%
Ishwara Hasit Dani	4,10,710	0.04%	4,10,710	0.04%	0.00%
Richa Manish Choksi	1,80,450	0.02%	1,80,450	0.02%	0.00%
Mudit Jalaj Dani	1,59,800	0.02%	1,59,800	0.02%	0.00%
Late Amar Arvind Vakil	1,58,770	0.02%	1,58,770	0.02%	0.00%
Smiti Jalaj Dani	1,39,110	0.01%	1,39,110	0.01%	0.00%
Binita Ashish Choksi	1,31,700	0.01%	1,31,700	0.01%	0.00%
Anay Rupen Choksi	1,30,500	0.01%	1,30,500	0.01%	0.00%
Aashay Ashish Choksi	1,25,380	0.01%	1,25,380	0.01%	0.00%
Vikatmev Containers Ltd.	1,11,600	0.01%	1,11,600	0.01%	0.00%
Nysha Rupen Choksi	1,02,750	0.01%	1,02,750	0.01%	0.00%
Druhi Ashish Choksi	1,00,000	0.01%	1,00,000	0.01%	0.00%
Ashwin Ramanlal Gandhi	91,860	0.01%	91,860	0.01%	0.00%

Notes to the Standalone Financial Statements (Contd.)

NOTE 12 : EQUITY SHARE CAPITAL (CONTD.)

d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year (Contd.)

Promoter Name	As at 31.03.2023		As at 31.03.2022		% change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Meghna Satyen Gandhi	75,000	0.01%	75,000	0.01%	0.00%
Vaibhavi Hiren Gandhi	75,000	0.01%	75,000	0.01%	0.00%
Shubhlakshmi Hasit Dani	59,529	0.01%	59,529	0.01%	0.00%
Hasit Ashwin Dani HUF (Hasit Ashwin Dani)	48,000	0.01%	48,000	0.01%	0.00%
Late Chandanben Chhotalal Shah	20,000	0.00%	20,000	0.00%	0.00%
Dani Finlease Private Limited	10,930	0.00%	10,930	0.00%	0.00%
Manish Mahendra Choksi HUF (Manish Mahendra Choksi)	7,500	0.00%	7,500	0.00%	0.00%
Ashish Ashwin Choksi HUF (Ashish Ashwin Choksi)	5,620	0.00%	5,620	0.00%	0.00%
Ragini Varun Vakil	5,000	0.00%	5,000	0.00%	0.00%
Total	50,47,85,184		50,47,85,184		

e) Reconciliation of Treasury shares outstanding at the beginning and at the end of the year

Treasury shares	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	2,23,240	75.00	-	-
Add : Purchased during the year	1,34,419	35.89	2,23,240	75.00
Less : Excercised/Sold during the year	-	-	-	-
At the end of the year	3,57,659	110.89	2,23,240	75.00

In accordance with Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”), the ESOP Trust (Asian Paints Employees Stock Ownership Trust) purchased equity shares of the Company from secondary market. The shares purchased by the ESOP Trust are disclosed as Treasury Shares (Refer note 35(3)).

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NOTE 13 : OTHER EQUITY

	Items of Other Comprehensive Income (OCI)										Total
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	Share based payment reserve	Treasury shares	Trust reserve	Debt instruments through OCI	Equity instruments through OCI	
Balance as at 1 st April, 2021 (A)	44.38	0.50	4,166.74	7,581.09	(25.06)	-	-	-	4.61	221.01	11,993.27
Additions during the year :											
Profit for the year	-	-	-	3,134.71	-	-	-	-	-	-	3,134.71
Items of OCI for the year, net of tax											
Remeasurement of the defined benefit plans	-	-	-	-	3.28	-	-	-	-	-	3.28
Net fair value (loss) on investments in equity instruments through OCI	-	-	-	-	-	-	-	-	-	(72.72)	(72.72)
Net fair value (loss) on investments in debt instruments through OCI	-	-	-	-	-	-	-	-	(2.87)	-	(2.87)
Total Comprehensive Income for the year 2021-22 (B)	-	-	-	3,134.71	3.28	-	-	-	(2.87)	(72.72)	3,062.40
Reductions during the year :											
Dividends (Refer note 12(b))	-	-	-	(1,740.95)	-	-	-	-	-	-	(1,740.95)
Share based payment expense	-	-	-	-	-	13.40	-	-	-	-	13.40
Net Income of ESOP Trust for the year	-	-	-	-	-	-	-	0.05	-	-	0.05
Purchase of Treasury shares by ESOP trust during the year	-	-	-	-	-	-	(75.00)	-	-	-	(75.00)
Total (C)	-	-	-	(1,740.95)	-	13.40	(75.00)	0.05	-	-	(1,802.50)
Balance as at 31 st March, 2022 (D) = (A+B+C)	44.38	0.50	4,166.74	8,974.85	(21.78)	13.40	(75.00)	0.05	1.74	148.29	13,253.17
Additions during the year :											
Profit for the year	-	-	-	4,100.18	-	-	-	-	-	-	4,100.18
Items of OCI for the year, net of tax											
Remeasurement of the defined benefit plans	-	-	-	-	(7.47)	-	-	-	-	-	(7.47)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	-	-	-	-	79.61	79.61
Net fair value (loss) on investments in debt instruments through OCI	-	-	-	-	-	-	-	-	(4.79)	-	(4.79)
Total Comprehensive Income for the year 2022-23 (E)	-	-	-	4,100.18	(7.47)	-	-	-	(4.79)	79.61	4,167.53
Reductions during the year :											
Dividends (Refer note 12(b))	-	-	-	(1,908.86)	-	-	-	-	-	-	(1,908.86)
Share based payment expense	-	-	-	-	-	13.37	-	-	-	-	13.37
Net Income of ESOP Trust for the year	-	-	-	-	-	-	-	0.32	-	-	0.32
Purchase of Treasury shares by ESOP trust during the year	-	-	-	-	-	-	(35.89)	-	-	-	(35.89)
Total (F)	-	-	-	(1,908.86)	-	13.37	(35.89)	0.32	-	-	(1,931.06)
Balance as at 31 st March, 2023 (D+E+F)	44.38	0.50	4,166.74	11,166.17	(29.25)	26.77	(110.89)	0.37	(3.05)	227.90	15,489.64

Notes to the Standalone Financial Statements (Contd.)

NOTE 13 : OTHER EQUITY (CONTD.)

Description of nature and purpose of each reserve :

Capital Reserve -

- a. Capital reserve of ₹ 5000/- was created on merger of ‘ Pentasia Chemicals Ltd ’ with the Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.
- b. Capital Reserve of ₹ 44.38 crores was created on merger of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Company, with the Company as per the order passed by the National Company Law Tribunal.

Capital Redemption Reserve - This reserve was created for redemption of preference shares in the financial year 1989-90. The preference shares were redeemed in the financial year 1990-91.

General Reserve - General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Remeasurement of defined benefit plans -This represents the cumulative gains and losses arising on the remeasurement of defined benefit plans in accordance with Ind AS 19 that have been recognised in other comprehensive income.

Share based payment reserve - This represents the fair value of the stock options granted by the Company under the 2021 Plan accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Treasury shares - This represents cost incurred by the Company to purchase its own equity shares from secondary market through the Company’s ESOP trust for issuing the shares to the eligible employees on exercise of stock options granted under the 2021 Plan.

Trust Reserve - This represents net income of the ESOP trust.

Debt instruments through OCI - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at FVTOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and impairment losses on such instruments.

Equity instruments through OCI - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

NOTE 14 : BORROWINGS*

(₹ in Crores)						
	Maturity Date	Terms of Repayment	Non-Current		Current	
			As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Secured						
Deferred payment liabilities :						
Loan from State of Haryana **	June 2024 to April 2027	One time payment at the end of the term	20.25	16.16	-	-
Loan from State of Karnataka ^	March 2034	One time payment at the end of the term	29.11	-	-	-
Total			49.36	16.16	-	-

Interest free borrowings are recognised at fair value using prevailing market interest rate for equivalent borrowing. The difference between the gross proceeds and fair value of the borrowing is the benefit derived from the interest free borrowing and is treated as government grant and recognised as deferred income (Refer note 19).

NOTE 14 : BORROWINGS* (CONTD.)

** The Company is eligible to avail interest free borrowing in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April 2010. As on 31st March, 2023, the Company has received total interest free borrowing of ₹ 40.64 crores (Previous year - ₹ 37.02 crores) for the period from April 2010 to March 2016. The Company has repaid borrowing of ₹ 17.20 crores (Previous year - ₹ 17.20 crores). This borrowing is repayable after a period of 5 years from the date of receipt of interest free borrowing. For the year ended 31st March, 2016 and 31st March, 2017, the Company is awaiting sanction from the Haryana Government.

^ The Company is eligible to avail interest free borrowing for a period of 11 years in respect of 100% of Net SGST (upto the value of investment made in Fixed Asset) paid on the sale of goods within the state of Karnataka and produced at Mysuru plant beginning from 28th September, 2018. The borrowing is repayable after a period of 11 years from the date of receipt of borrowing. During the year, the Company has received total interest free loan of ₹ 70.62 crores pertaining to the period September 2018 to March 2020.

The above interest free borrowings are secured by way of a bank guarantee issued by the Company .

The aggregate maturities of long-term borrowings, based on contractual maturities

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Borrowings	-	23.44	70.62	94.06	49.36
As at 31st March, 2022					
Borrowings	-	19.82	-	19.82	16.16

* No default in terms of repayment of principal and interest within the Company

NOTE 15 : LEASE LIABILITIES

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Lease liabilities	640.14	518.80	202.80	179.22
Total	640.14	518.80	202.80	179.22

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Lease Liabilities	259.66	622.96	136.05	1,018.67	842.94
As at 31st March, 2022					
Lease Liabilities	223.52	508.43	96.17	828.12	698.02

(₹ in Crores)		
Movement in lease liabilities	Year 2022-23	Year 2021-22
Balance as at 1st April	698.02	625.95
Additions	388.19	289.74
Deletions	29.07	34.43
Finance cost	58.10	49.40
Repayment (including interest on lease liabilities)	272.30	232.64
Balance as at 31st March	842.94	698.02

Notes to the Standalone Financial Statements (Contd.)

NOTE 15 : LEASE LIABILITIES (CONTD.)

Amounts with respect to leases recognised in the Statement of Profit and Loss and Cash Flow Statement

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
AMOUNTS RECOGNISED IN STATEMENT OF PROFIT AND LOSS		
Interest on lease liabilities (Refer note 27(d))	58.10	49.40
Depreciation expense (Refer note 28)	234.35	199.58
Expenses relating to short-term leases and leases of low-value	41.47	31.26
Variable lease payments	132.19	151.60
Amounts recognised in Cash Flow Statement		
In Financing activity		
Repayment of lease liabilities	214.20	183.24
Interest paid on lease liabilities	58.10	49.40
In Operating activity		
Variable lease payments	130.13	150.68

Note- For additions and movement in right-of-use assets Refer note 2B.

NOTE 16 : OTHER FINANCIAL LIABILITIES

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Investor Education and Protection Fund *				
Unpaid/Unclaimed dividend	-	-	23.99	23.47
(b) Others (Refer note 34)				
Retention monies	17.92	1.14	27.24	22.41
Payable towards capital expenditure	-	-	120.02	36.64
Payable towards services received	-	-	643.37	585.46
Payable towards stores, spares and consumables	-	-	40.02	13.43
Payable to employees [including ₹ 10.19 crores due to Managing Director (as at 31 st March, 2022 - ₹ 6.66 crores)]	-	-	247.32	206.97
Payable towards other expenses [including ₹ 5.32 crores due to Non-Executive Directors (as at 31 st March, 2022 - ₹ 4.72 crores)]	-	-	890.58	635.48
Foreign currency forward exchange contract (net)	-	-	-	0.92
Gross obligation toward Earnout (Refer note 37(b))	-	-	58.97	-
Derivative liability towards further stake acquisition in subsidiary and associate companies (Refer note 37(a) and (b))	12.28	-	-	-
	30.20	1.14	2,027.52	1,501.31
Total	30.20	1.14	2,051.51	1,524.78

*** Investor Education and Protection Fund ('IEPF') -** As at 31st March, 2023 and 31st March, 2022, there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

NOTE 17 : PROVISIONS

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Provision for Employee Benefits (Refer note 35)				
Provision for Compensated absences	173.71	165.91	23.96	21.96
Provision for Gratuity	-	-	5.72	1.46
Provision for Pension	1.20	1.18	0.27	0.27
Provision for Post retirement medical and other benefits	1.20	1.20	5.12	1.46
	176.11	168.29	35.07	25.15
(b) Others				
Provision for Excise	-	-	1.29	1.50
Provision for Central Sales Tax/VAT	-	-	9.99	11.43
	-	-	11.28	12.93
Total	176.11	168.29	46.35	38.08

Disclosure relating to movement in Provisions for Statutory Liabilities is as follows :

	(₹ in Crores)			
	Provision for Excise*		Provision for Central Sales Tax/ VAT**	
	Year 2022-23	Year 2021-22	Year 2022-23	Year 2021-22
Movement in Provision for Statutory Liabilities				
Balances as at 1st April	1.50	2.24	11.43	12.48
Additions/Adjustments	-	-	-	0.25
Utilisations	-	-	-	-
Reversals	(0.21)	(0.74)	(1.44)	(1.30)
Balances as at 31st March	1.29	1.50	9.99	11.43

These provisions represent estimates made for probable claims arising out of litigations/disputes pending with authorities under excise duty and sales tax. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

*Excise provisions made towards matters disputed at various appellate levels.

**Sales tax provisions made towards non receipt of C Forms and other matters disputed at various appellate levels.

NOTE 18 : INCOME TAXES

A. THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEAR ARE AS UNDER :

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax expense :		
In respect of current year	1,418.38	1,107.29
In respect of short tax provision for earlier years	5.94	3.16
Deferred tax benefit :		
In respect of current year	(34.90)	(51.02)
Income tax expense recognised in the Statement of Profit and Loss	1,389.42	1,059.43
(ii) Income tax expense recognised in OCI		
Deferred tax :		
Income tax benefit /(expense) on remeasurement of defined benefit plans	2.51	(1.11)
Income tax (expense)/benefit on net fair value gain on investments in equity instruments through OCI	(10.58)	9.59
Income tax benefit on net fair value gain on investments in debt instruments through OCI	0.63	0.39
Income tax (expense)/benefit recognised in OCI	(7.44)	8.87

Notes to the Standalone Financial Statements (Contd.)

NOTE 18 : INCOME TAXES (CONTD.)

B. RECONCILIATION OF TAX EXPENSE AND EFFECTIVE TAX RATE :

	Year 2022-23		Year 2021-22	
	₹ in crores	Rate	₹ in crores	Rate
Profit before tax	5,489.60		4,194.14	
Income tax expense calculated at corporate tax rate	1,381.62	25.17%	1,055.58	25.17%
Tax effect of :				
Non-deductible expenses	29.84	0.54%	20.81	0.50%
Income taxed at special rates	(6.66)	(0.12%)	(10.35)	(0.25%)
Income exempted from tax	(15.05)	(0.27%)	(5.14)	(0.12%)
Others	(6.27)	(0.11%)	(4.64)	(0.11%)
Total	1,383.48	25.20%	1,056.26	25.18%
Short tax provision for earlier years	5.94	0.11%	3.16	0.08%
Tax expense as per Statement of Profit and Loss	1,389.42	25.31%	1,059.42	25.26%

The tax rate used for reconciliation above is the corporate tax rate of 25.17% payable by corporate entities in India on taxable profits under Indian tax law.

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS :

As at 31 st March, 2023	(₹ in Crores)			
	Balance Sheet	Profit and loss	OCI	Balance Sheet
	01.04.2022	2022-23	2022-23	31.03.2023
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961	(268.65)	36.94	-	(231.71)
Provision for expense allowed for tax purpose on payment basis (Net)	34.61	0.89	-	35.50
Provision for Expected credit losses and fair valuation of subsidy receivable from state governments	21.35	(3.26)	-	18.09
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.51)	-	0.63	0.12
Remeasurement of the defined benefit plans through OCI	7.37	-	2.51	9.88
Difference in carrying value and tax base of investments measured at FVTPL	(21.10)	(0.83)	-	(21.93)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	(4.00)	-	(10.58)	(14.58)
Difference in Right-of-use asset and lease liabilities	25.63	1.16	-	26.79
Deferred tax (expense)/benefit		34.90	(7.44)	
Net Deferred tax liabilities	(205.30)			(177.84)

NOTE 18 : INCOME TAXES (CONTD.)

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS (CONTD.) :

As at 31 st March, 2022	(₹ in Crores)			
	Balance Sheet	Profit and loss	OCI	Balance Sheet
	01.04.2021	2021-22	2021-22	31.03.2022
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961	(297.03)	28.38	-	(268.65)
Provision for expense allowed for tax purpose on payment basis (Net)	35.82	(1.21)	-	34.61
Provision for Expected credit losses and fair valuation of subsidy receivable from state governments	-	21.35	-	21.35
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.90)	-	0.39	(0.51)
Remeasurement of the defined benefit plans through OCI	8.48	-	(1.11)	7.37
Difference in carrying value and tax base of investments measured at FVTPL	(22.47)	1.37	-	(21.10)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	(13.59)	-	9.59	(4.00)
Difference in Right-of-use asset and lease liabilities	24.50	1.13	-	25.63
Deferred tax (expense)/benefit		51.02	8.87	
Net Deferred tax liabilities	(265.19)			(205.30)

NOTE 19 : OTHER LIABILITIES

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Revenue received in advance				
Advance received from customers	-	-	78.11	49.87
(b) Others				
Statutory dues payable	-	-	287.71	255.48
Deferred income arising from government grant (Refer note 14)	39.17	2.11	5.29	1.30
Others (Deferred revenue arising from sale of services,etc.)	-	-	0.94	0.57
	39.17	2.11	293.94	257.35
Total	39.17	2.11	372.05	307.22

NOTE 20 : TRADE PAYABLES

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises (MSME) (Refer note 34)	95.69	56.04
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,950.17	3,441.25
Total	3,045.86	3,497.29

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 308.81 crores (Previous year - ₹ 317.78 crores).

Notes to the Standalone Financial Statements (Contd.)

NOTE 20 : TRADE PAYABLES (CONTD.)

Trade payables ageing schedule

(₹ in Crores)						
	Not Due	Outstanding for following periods from due date of payment				As at 31.03.2023
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade Payables (including Acceptances)						
MSME	87.45	8.24	-	-	-	95.69
Other than MSME	2,889.02	61.15	-	-	-	2,950.17
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Other than MSME	-	-	-	-	-	-
Total	2,976.47	69.39	-	-	-	3,045.86

(₹ in Crores)						
	Not Due	Outstanding for following periods from due date of payment				As at 31.03.2022
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Trade Payables (including Acceptances)						
MSME	52.61	3.43	-	-	-	56.04
Other than MSME	3,101.00	338.53	0.60	0.38	0.74	3,441.25
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Other than MSME	-	-	-	-	-	-
Total	3,153.61	341.96	0.60	0.38	0.74	3,497.29

NOTE 21 : INCOME TAX LIABILITIES (NET)

(₹ in Crores)		
	Current	
	As at 31.03.2023	As at 31.03.2022
Provision for Income Tax (net)	112.89	100.85
Total	112.89	100.85

NOTE 22A : REVENUE FROM OPERATIONS

(₹ in Crores)		
	Year 2022-23	Year 2021-22
Revenue from sale of products	29,883.09	24,935.57
Revenue from sale of services	70.03	66.52
Other operating revenue *	125.28	186.42
Total	30,078.40	25,188.51

* The Company's manufacturing facilities at Maharashtra and Andhra Pradesh are eligible to receive incentive in form of refund of SGST, refund of stamp duty and refund of/ exemption from payment of electricity duty as per the Industrial Promotion Schemes of the respective State Governments and Memorandum of Understanding signed with the respective State Governments. During the year, ₹ 58.50 crores (Previous year - ₹ 119.41 crores) is accrued under the head 'Other operating revenue'. Further, it includes one time subsidy of ₹ 2.00 crores towards Effluent Treatment Plant in Karnataka from State Government as per industrial policy.

NOTE 22B : REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)		
	Year 2022-23	Year 2021-22
A. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON NATURE OF PRODUCT OR SERVICES		
Revenue from sale of products		
Paints, décor and related products	29,883.09	24,935.57
Revenue from sale of services		
Painting, décor and related services	70.03	66.52
Other operating revenues		
Processing and service income	38.51	35.00
Scrap sales	24.74	32.01
Other Income		
Royalty received from subsidiary and associate companies (Refer note 23(c)(ii))	90.02	73.07
Total	30,106.39	25,142.17
B. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON GEOGRAPHY		
Home market	29,907.97	24,929.20
Exports	198.42	212.97
Total	30,106.39	25,142.17

NOTE 22C : RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)		
	Year 2022-23	Year 2021-22
Gross Revenue	35,821.41	29,661.72
Less : Discounts	5,715.02	4,519.55
Net Revenue recognised from Contracts with Customers	30,106.39	25,142.17

The amounts receivable from customers become due after expiry of credit period which on an average ranges around from 30 to 45 days. There is no significant financing component in any transaction with the customers.

The Company provides agreed upon performance warranty for selected range of products and services. The amount of liability towards such warranty is immaterial.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration and sale of service contracts are measured as per output method.

The Company has recognised revenue of ₹ 45.00 crores (31st March, 2022 : ₹ 14.61 crores) from the amounts included under advance received from customers at the beginning of the year.

Notes to the Standalone Financial Statements (Contd.)

NOTE 23 : OTHER INCOME

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
(a) Interest Income		
Investments in debt instruments measured at FVTOCI	9.18	7.65
Other financial assets carried at amortised cost	85.51	64.27
	94.69	71.92
(b) Dividend Income		
Dividends from quoted equity investments measured at FVTOCI*	13.48	15.16
Dividends from Subsidiary and Associate Companies (Refer note 38)	57.00	12.19
	70.48	27.35
(c) Other non-operating income		
Insurance claims received	0.49	2.24
Royalty received from Subsidiary and Associate Companies (Refer note 38)	90.02	73.07
Net gain arising on financial assets measured at FVTPL ^	118.62	76.09
Reversal of provision for expected credit loss on government grants (Refer note 29(C)2)	27.58	-
Others	101.54	114.11
	338.25	265.51
(d) Other gains and losses		
Net foreign exchange gain	-	43.22
Net gain on disposal of Property, Plant and Equipment and Other Intangible Assets (net)	11.45	40.36
Net gain on modification/ termination of leases	3.14	3.53
	14.59	87.11
Total	518.01	451.89

* Relates to investments held at the end of reporting period.

^ Includes gain on sale of financial assets measured at FVTPL for ₹ 35.12 crores (Previous year - ₹ 27.23 crores).

NOTE 24A : COST OF MATERIALS CONSUMED

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Raw Materials Consumed		
Opening Stock (including goods-in-transit)	1,944.17	1,038.08
Add : Purchases	12,424.40	12,595.76
	14,368.57	13,633.84
Less : Closing Stock (including goods-in-transit)	1,709.19	1,944.17
	12,659.38	11,689.67
Packing Materials Consumed		
Opening Stock	85.21	68.86
Add : Purchases	2,113.85	2,165.58
	2,199.06	2,234.44
Less : Closing Stock	67.49	85.21
	2,131.57	2,149.23
Total Cost of Materials Consumed	14,790.95	13,838.90

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
NOTE 24B : PURCHASES OF STOCK-IN-TRADE	3,836.33	2,978.69
NOTE 24C : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS		
Stock at the beginning of the year		
Finished Goods (including goods-in-transit)	2,261.57	1,407.46
Work-in-Progress	177.42	120.57
Stock-in-trade- acquired for trading (including goods-in-transit)	657.77	360.10
Total	3,096.76	1,888.13
Stock at the end of the year		
Finished Goods (including goods-in-transit)	2,397.08	2,261.57
Work-in-Progress	167.25	177.42
Stock-in-trade- acquired for trading (including goods-in-transit)	832.17	657.77
Total	3,396.50	3,096.76
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-In-Progress	(299.74)	(1,208.63)

NOTE 25 : EMPLOYEE BENEFITS EXPENSE

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Salaries and wages	1,332.28	1,143.82
Contribution to provident and other funds (Refer note 35(1) and 35 (2))	64.69	62.32
Staff welfare expenses	104.95	95.48
Share based payment expenses (Refer note 35(3))	11.97	8.52
Total	1,513.89	1,310.14

NOTE 26 : OTHER EXPENSES

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Consumption of stores, spares and consumables	81.02	68.21
Power and fuel	122.15	104.66
Processing charges*	164.25	151.60
Repairs and maintenance :		
Buildings	21.07	20.63
Machinery	52.22	46.75
Other assets	69.75	48.10
	143.04	115.48
Rates and taxes	13.31	12.79
Corporate social responsibility expenses (Refer note 41)	77.20	70.77
Commission to Non Executive Directors	5.32	4.72
Directors' sitting fees	1.68	1.83
Auditors' Remuneration (Refer note below)	1.86	1.83
Net loss on foreign currency transaction	12.03	-

Notes to the Standalone Financial Statements (Contd.)

NOTE 26 : OTHER EXPENSES (CONTD.)

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Freight and handling charges	1,936.98	1,688.78
Advertisement and Sales Promotion expenses	1,012.30	804.64
Bad debts written off	1.34	-
Allowance for doubtful debts and advances (net)	33.67	36.40
Insurance	21.47	23.24
Travelling expenses	148.34	72.46
Miscellaneous expenses ^	640.53	524.21
Total	4,416.49	3,681.62

*Includes variable lease payments (Refer note 15).

^ Includes fair valuation loss on earn out and derivatives towards acquisition of further stake in subsidiary and associate companies

amounting to ₹ 26.82 crores (Refer note 37(a) & 37(b)).

No donation has been made by the Company to any political party or any other organisations linked to any political party (GRI 415 - Public Policy).

Note - Auditors’ remuneration (excluding GST)

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Statutory audit fee	1.47	1.47
Taxation Matters	0.14	0.14
Certification fees and other services	0.20	0.19
For reimbursement of expenses	0.05	0.03
Total	1.86	1.83

NOTE 27 : FINANCE COSTS

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	0.09	0.03
(b) Interest on bill discounting	31.51	17.67
(c) Interest on loan from State Government	1.54	1.85
(d) Interest on lease liabilities	58.10	49.40
(e) Other interest expense	0.78	1.30
Total interest expense for financial liabilities carried at amortised cost	92.02	70.25
Interest on income tax	1.04	-
Total	93.06	70.25

NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Depreciation of Property, Plant and Equipment (Refer note 2A)	500.00	499.94
Depreciation of Right-of-Use Assets (Refer note 2B)	234.35	199.58
Amortisation of Other Intangible Assets (Refer note 4(B))	21.48	22.04
Total	755.83	721.56

NOTE 29(A) : CATERGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

		(₹ in Crores)			
Financial assets/ Financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Financial assets measured at FVTPL					
Investments in quoted mutual funds	5(D)	-	-	2,548.05	2,139.03
Investments in unquoted equity shares	5(A)(a)(iii)	1.92	1.07	-	-
Foreign currency forward exchange contract (net)	6	-	-	0.05	-
Derivative asset towards further stake acquisition in subsidiary and associate companies	6	3.91	-	2.27	-
		5.83	1.07	2,550.37	2,139.03
Financial assets measured at FVTOCI					
Investments in quoted equity shares *	5(A)(b)	586.32	496.13	-	-
Investments in unquoted debentures or bonds	5C(a)	1.49	1.02	49.32	-
Investments in quoted debentures or bonds	5C(b)	192.42	52.47	-	25.31
		780.23	549.62	49.32	25.31
Financial assets measured at amortised cost					
Investments in unquoted government securities	5(B)	#	#	-	-
Security deposits	6	42.04	55.14	32.39	12.61
Royalty receivable from Subsidiary and Associate companies	6	-	-	100.48	80.34
Due from Subsidiary Companies	6	-	-	21.91	32.82
Due from Associate Companies	6	-	-	3.73	0.68
Dividend receivable from Subsidiary Companies	6	-	-	14.22	12.19
Subsidy receivable from State Governments (net)	6	300.56	365.71	121.98	220.07
Term deposits held as margin money against bank guarantee and other commitments	6	0.09	0.09	-	-
Term deposits with more than 12 months original maturity	6	-	48.19	1,134.29	1,030.07
Interest accrued on investments in debentures or bonds measured at FVTOCI	6	-	-	6.31	2.72
Quantity discount receivable	6	-	-	258.62	235.65
Retention monies receivable from Customers	6	2.23	1.48	-	0.01
Other receivables	6	-	-	10.24	18.25
Trade Receivables	10	-	-	3,462.61	2,915.77
Cash and Cash Equivalents	11(A)	-	-	156.44	276.04
Other Bank Balances	11(B)	-	-	206.44	32.53
		344.92	470.61	5,529.66	4,869.75
Financial liabilities measured at FVTPL					
Foreign currency forward exchange contract (net)	16	-	-	-	0.92
Gross obligation toward Earnout	16	-	-	58.97	-
Derivative liability towards further stake acquisition in subsidiary and associate companies	16	12.28	-	-	-
		12.28	-	58.97	0.92
Financial liabilities measured at amortised cost					
Loan from State of Haryana	14	20.25	16.16	-	-
Loan from State of Karnataka	14	29.11	-	-	-
Lease Liabilities	15	640.14	518.80	202.80	179.22
Unpaid/Unclaimed dividend	16	-	-	23.99	23.47
Retention monies	16	17.92	1.14	27.24	22.41
Payable towards capital expenditure	16	-	-	120.02	36.64
Payable towards services received	16	-	-	643.37	585.46
Payable towards stores, spares and consumables	16	-	-	40.02	13.43
Payable to employees	16	-	-	247.32	206.97
Payable towards other expenses	16	-	-	890.58	635.48
Trade payables (including Acceptances)	20	-	-	3,045.86	3,497.29
		707.42	536.10	5,241.20	5,200.37

* Investments in these equity instruments are not held for trading. Upon application of Ind AS 109 - Financial Instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains or losses relating to these investments in the Statement of Profit and Loss may not be indicative of the performance of the Company.

₹ 39,500/-

Notes to the Standalone Financial Statements (Contd.)

NOTE 29(A) : CATERGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTD.)

Income, Expenses, Gains or Losses recognised on Financial Instruments in the Statement of Profit and Loss are as follows :

(₹ in Crores)			
Income, Expenses, Gains or Losses on Financial Instruments	Refer note	Year 2022-23	Year 2021-22
Financial assets measured at FVTPL			
Fair value gain on quoted mutual funds	23	118.62	76.09
Fair value (loss) on derivative assets towards acquisition of further stake in subsidiary and associate companies (net)	26	(4.61)	-
		114.01	76.09
Financial assets measured at amortised cost			
Interest income	23	85.51	64.27
Reversal/(Provision) for expected credit loss on government grants	23 & 40	27.58	(53.73)
Allowance for doubtful debts and advances (net)	26	(33.67)	(36.40)
Bad debts written off	26	(1.34)	-
		78.08	(25.86)
Financial assets measured at FVTOCI			
Interest income on investments in debt instruments	23	9.18	7.65
Dividend income from quoted equity investments	23	13.48	15.16
Net fair value gain/(loss) on investments in equity instruments		90.19	(82.31)
Net fair value (loss) on investments in debt instruments		(5.42)	(3.26)
		107.43	(62.76)
Financial liabilities measured at FVTPL			
Fair value (loss) on Gross obligation towards earnout	26	(21.26)	-
Fair value (loss) on Derivative liability towards further stake acquisition in subsidiary and associate companies (net)	26	(0.95)	-
		(22.21)	-
Financial liabilities measured at amortised cost			
Interest on lease liabilities	27	58.10	49.40
Interest expense other than on lease liabilities	27	33.14	19.55
		91.24	68.95
Net Loss/(Gain) on foreign currency transactions of Financial Asset and Financial Liabilities measured at amortised cost	26 & 23	12.03	(43.22)

NOTE 29(B) : FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities :

As at 31st March, 2023 (₹ in Crores)

Financial assets/ Financial liabilities	Fair value As at 31.03.2023	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at FVTOCI				
Investments in quoted equity shares (Refer note 5(A)(b))	586.32	586.32	-	-
Investments in unquoted debentures or bonds (Refer note 5C(a))	50.81	-	50.81	-
Investments in quoted debentures or bonds (Refer note 5C(b))	192.42	-	192.42	-
Financial assets measured at FVTPL				
Investments in quoted mutual funds (Refer note 5(D))	2,548.05	2,548.05	-	-
Investments in unquoted equity shares (Refer note 5(A)(a)(iii))	1.92	-	-	1.92
Derivative asset towards further stake acquisition in subsidiary and associate companies (Refer note 6)	6.18	-	-	6.18
Foreign currency forward exchange contract (net) (Refer note 6)	0.05	-	0.05	-
Financial liabilities measured at FVTPL				
Gross obligation toward Earnout (Refer note 16)	58.97	-	-	58.97
Derivative liability towards further stake acquisition in subsidiary and associate companies (Refer note 16)	12.28	-	-	12.28

As at 31st March, 2022 (₹ in Crores)

Financial assets/ Financial liabilities	Fair value As at 31.03.2022	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at FVTOCI				
Investments in quoted equity shares (Refer note 5(A)(b))	496.13	496.13	-	-
Investments in unquoted debentures or bonds (Refer note 5C(a))	1.02	-	1.02	-
Investments in quoted debentures or bonds (Refer note 5C(b))	77.78	-	77.78	-
Financial assets measured at FVTPL				
Investments in quoted mutual Funds (Refer note 5(D))	2,139.03	2,139.03	-	-
Investments in unquoted equity shares (Refer note 5(A)(a)(iii))	1.07	-	-	1.07
Financial liabilities measured at FVTPL				
Foreign currency forward exchange contract (net) (Refer note 16)	0.92	0.92	-	-

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the Standalone Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(iii) Invesments in debentures or bonds measured at FVTOCI

The debentures or bonds are fair valued using various market observable inputs.

(iv) Gross obligation towards Earnout

The gross obligation is valued using agreed financial milestones of Obgenix Software Private Limited for the financial year 2022-23 as per the share purchase agreement. The value is not exposed to any variability.

Notes to the Standalone Financial Statements (Contd.)

NOTE 29(B) : FAIR VALUE MEASUREMENTS (CONTD.)

(v) Significant Techniques and Unobservable Inputs Used for Level 3 Fair Valuation Measurement

As at 31 st March, 2023	Valuation techniques	Significant Unobservable Inputs	Sensitivity of input to fair value measurement	
			Increase of volatility by 5%	Decrease of volatility by 5%
Fair Value of Derivatives for further acquisition in subsidiary (Weatherseal Fenestration Private Limited) and associate (Obgenix Software Private Limited)	Monte Carlo Simulation	Forecast Revenue	Decrease in liability by ₹ 1.21 crores	Increase in liability by ₹ 0.94 crores
		Forecast EBITDA	Decrease in liability by ₹ 0.02 crores	Decrease in liability by ₹ 0.01 crores
		Equity Value	Decrease in liability by ₹ 2.47 crores	Increase in liability by ₹ 2.21 crores
		Weighted Average Cost of Capital (WACC)	Increase of WACC by 1% Increase in liability by ₹ 23.72 crores	Decrease of WACC by 1% Decrease in liability by ₹ 27.81 crores

Fair value of gross obligation towards earnout and further stake acquisition of 11% in Obgenix Software Private Limited is computed basis actual Revenue and EBITDA in accordance with the Share Purchase Agreement.

(vi) Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities is given below

(₹ in Crores)		
Movement in Level 3 valuations	Year 2022-23	Year 2021-22
Balance as at 1 st April	1.07	1.07
Additions	(37.40)	-
Fair value loss recorded in Standalone Statement of Profit and Loss	(26.82)	-
Balance as at 31 st March	(63.15)	1.07

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company’s financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversees the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Company formulated by the Risk Management Committee and approved by the Board, states the Company’s approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company’s management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company’s financial performance. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

The following disclosures summarize the Company’s exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analyses have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks : interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and derivative financial instruments.

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

1) Market Risk (Contd.)

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

The Exposure of Company’s financial assets and liabilities to interest rate risk is as follows :

As at 31 st March, 2023		(₹ in Crores)		
	As at 31.03.2023	Floating rate	Fixed rate	Non- interest bearing
Financial assets	9,260.33	13.83	2,067.33	7,179.17
Financial liabilities	6,019.87	-	951.27	5,068.60
As at 31 st March, 2022		(₹ in Crores)		
	As at 31.03.2022	Floating rate	Fixed rate	Non- interest bearing
Financial assets	8,055.39	3.09	1,807.59	6,244.71
Financial liabilities	5,737.39	-	714.18	5,023.21

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts with an average maturity of less than one month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company’s policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company’s foreign currency denominated monetary items are as follows :

(in millions FC)				
Currency	Liabilities		Assets	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
USD	75.29	127.27	15.82	23.77
EUR	12.26	15.06	11.49	1.60
SGD	0.03	-	1.58	0.02
GBP	0.35	0.71	0.48	0.01
SEK	0.83	0.06	-	-
JPY	18.04	7.35	105.42	-
Others	11.06	0.97	4,691.26	0.51
(₹ in Crores)				
Currency	Liabilities		Assets	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
USD	618.52	965.85	130.01	180.19
EUR	109.34	126.47	102.52	13.45
SGD	0.17	-	9.80	0.11
GBP	3.55	7.06	4.83	0.06
SEK	0.66	0.05	-	-
JPY	1.11	0.46	6.51	-
Others	2.38	1.45	85.12	1.50
Total	735.73	1,101.34	338.79	195.31

The above table represents total exposure of the Company towards foreign exchange denominated monetary items.

Notes to the Standalone Financial Statements (Contd.)

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

1) Market Risk (Contd.)

b) Foreign Currency Risk (Contd.)

Out of the above, the details of exposures hedged using forward exchange contracts are given below :

Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2023	11.00	9.07	74.34
Forward contract to buy USD - As at 31.03.2022	24.00	18.85	144.05

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management’s assessment of reasonably possible change in foreign exchange rate.

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2022-23	Year 2021-22	Year 2022-23	Year 2021-22
	(₹ in Crores)	(₹ in Crores)	(₹ in Crores)	(₹ in Crores)
+5%	(15.47)	(23.98)	(15.47)	(23.98)
-5%	15.47	23.98	15.47	23.98

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2023, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 586.31 crores (Previous year - ₹ 496.13 crores). The details of such investments in equity instruments are given in Note 5(A)(b).

The Company is also exposed to price risk arising from investments in bonds and debentures recognised at FVTOCI. As at 31st March, 2023, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 243.23 crores (Previous year - ₹ 78.80 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds and debentures are given in Note 5C.

The Company is mainly exposed to change in market rates of its investments in equity investments recognised at FVTOCI. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below :

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2023, Other Comprehensive Income for the year ended 31st March, 2023 would increase by ₹ 51.80 crores (Previous year - ₹ 43.85 crores) and decrease by ₹ 51.80 crores (Previous year - ₹ 46.74 crores) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2023. 10% represents management’s assessment of reasonably possible change in equity prices.

d) Commodity Rate Risk

Material cost is the largest cost component for the Company, thus exposing it to the risk of price fluctuations based on the supply and demand conditions of those materials. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has put in place a mix of long-term and short-term mitigation plans. The long-term price view consisted of identifying single vendor dependency and finding alternate materials or vendors for the same. The Company also has a robust process of estimating the prices at a quarterly frequency, analysing deviations, if any, and taking short-term corrective measures in addition to altering the outlook for the long-term, if required. The Company also leverages its financial resources to modify the inventory levels as required keeping in mind the price outlook in the near term. Similarly, the Company modifies the contract period in negotiations with the vendors to either lock in prices or to keep them open based on the expected price movements. During the year ended 31st March, 2023 and 31st March, 2022, the Company had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks and other receivables. The Company’s exposure to credit risk is disclosed in note 5 (except equity shares, bonds and debentures) 6, 10 ,11A and 11B.

The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company’s exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments, term deposits and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

The average credit period ranges from 30 to 45 days on sales of products. Credit risk arising from trade receivables is managed in accordance with the Company’s established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of creditworthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is given below.

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

(₹ in Crores)		
Movement in expected credit loss allowance on trade receivables	Year 2022-23	Year 2021-22
Balance as at 1 st April	94.38	58.19
Loss allowance measured at lifetime expected credit losses	33.45	36.19
Balance as at 31 st March	127.83	94.38

In accordance with Ind AS 109 – Financial Instruments, the Company has re-assessed expected timing of cashflow towards subsidy receivable from the State Governments and accordingly, had provided for time value of money in the year ended 31st March, 2022, an amount of ₹ 53.73 crores as an exceptional item towards subsidy receivable for earlier years.

The Company is confident about the ultimate realisation of the dues from the State governments. There is no credit risk attached to these receivables.

(₹ in Crores)		
Movement in expected credit loss allowance on subsidy receivable from the State Governments	Year 2022-23	Year 2021-22
Balance as at 1 st April	53.73	-
Additions	-	53.73
Unwinding of interest resulting in reversal of expected credit losses	(27.58)	-
Balance as at 31 st March	26.15	53.73

Notes to the Standalone Financial Statements (Contd.)

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

3) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The Company believes that its liquidity position (₹ 4,269.98 crores as at 31st March 2023 (Previous Year - ₹ 3,574.94 crores)), anticipated future internally generated funds from operations, and its fully available revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements.

The liquidity position of the Company mentioned above, includes :

- i) Cash and cash equivalents as disclosed in the Cash Flow Statement
- ii) Current/ Non-Current term deposits as disclosed in Other Financial Assets and Other Balances with Banks
- iii) Investments in debentures or bonds (including interest accrued on the same)

The Company’s liquidity management process as monitored by management, includes-

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining rolling forecasts of the Company’s liquidity position on the basis of expected cash flows;
- Maintaining diversified credit lines.

The table below analyses financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Borrowings (Refer note 14)	-	23.44	70.62	94.06	49.36
Trade Payables (Refer note 20)	3,045.86	-	-	3,045.86	3,045.86
Lease Liabilities (Refer note 15)	259.66	622.96	136.05	1,018.67	842.94
Other financial liabilities (Refer note 16)	2,051.51	30.20	-	2,081.71	2,081.71
(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2022					
Borrowings (Refer note 14)	-	19.82	-	19.82	16.16
Trade Payables (Refer note 20)	3,497.29	-	-	3,497.29	3,497.29
Lease Liabilities (Refer note 15)	223.52	508.43	96.17	828.12	698.02
Other financial liabilities (Refer note 16)	1,524.78	1.14	-	1,525.92	1,525.92

NOTE 29(D) : CAPITAL MANAGEMENT

For the purpose of the Company’s capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

As at 31st March, 2023 and 31st March, 2022, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

NOTE 30 : CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

							(₹ in Crores)
	As at 31.03.2022	Cash Flows	Other Changes	Non-cash changes			As at 31.03.2023
				Net additions	Fair value changes	Current/ Non-current classification	
Borrowings - Non-current (Refer note 14)	16.16	74.25	-	-	(41.05)	-	49.36
Other Liabilities (Refer note 19)	3.41	-	-	42.59	(1.54)	-	44.46
Lease Liabilities (Refer note 15)	698.02	(214.20)	-	359.12	-	-	842.94
							(₹ in Crores)
	As at 31.03.2021	Cash Flows	Other Changes	Non-cash changes			As at 31.03.2022
				Net additions	Fair value changes	Current/ Non-current classification	
Borrowings - Non-current (Refer note 14)	14.31	-	-	-	1.85	-	16.16
Other Liabilities (Refer note 19)	5.17	-	-	-	(1.76)	-	3.41
Borrowings - Current (Refer note 14)	7.89	(7.89)	-	-	-	-	-
Lease Liabilities (Refer note 15)	625.95	(183.24)	-	255.31	-	-	698.02

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Notes to the Standalone Financial Statements (Contd.)

NOTE 31 : KEY FINANCIAL RATIOS

Sr. No.	Ratios	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance
1	Current ratio	Current Assets	Current Liabilities	2.38	2.26	5.41%
2	Debt-equity ratio*	Total Debt (Borrowings)	Total Equity	0.006	0.001	310.55%
3	Debt service coverage ratio	Earning available for debt service ®	Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings	139.50	133.38	4.59%
4	Return on Equity	Profits after tax	Average Total Equity	28.34%	24.65%	14.99%
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	3.46	3.72	-6.92%
6	Trade receivables turnover ratio	Revenue from Sale of Products and Services	Average Trade receivables	9.39	10.58	-11.24%
7	Trade payables turnover ratio	Net Purchases of raw material, packing material and stock-in-trade	Average Trade payables	5.62	5.62	-0.09%
8	Net capital turnover ratio	Revenue from Operations	Working Capital (Current Assets - Current Liabilities)	3.74	3.55	5.35%
9	Net profit ratio	Profit after tax	Revenue from Operations	13.63%	12.44%	9.54%
10	Return on capital employed	Profit before interest (excluding interest on lease liabilities), exceptional items and tax	Average Capital Employed [Total Equity + Total Debt (Borrowings)]	38.04%	33.50%	13.55%
11	Return on investment	Income during the year	Time weighted average of investment			
a	Return on Mutual Funds^			5.54%	3.79%	46.13%
b	Return on Fixed Deposits			6.00%	5.28%	13.80%
c	Return on Bonds			3.02%	3.88%	-22.16%
d	Return on quoted equity investment^			21.16%	-11.72%	-280.56%

* Increase in borrowing (interest free loan from State Governments) during the year has resulted into higher debt equity ratio (Refer note 14).

^ Impact of market dynamics

® Earning available for Debt Service : Profit after tax + Depreciation and Amortisation Expense + Finance costs (excluding interest on lease liabilities) - Net gain on sale of property, plant and equipment - Net gain on modification/ termination of leases.

NOTE 32 : EARNINGS PER SHARE

	Year 2022-23	Year 2021-22
a) Basic earnings per share in rupees (face value – ₹ 1 per share) (In ₹)	42.76	32.68
b) Diluted earnings per share in rupees (face value – ₹ 1 per share) (In ₹)	42.76	32.68
c) Profit after tax as per Statement of Profit and Loss (₹ in crores)	4,100.18	3,134.71
Number of equity shares outstanding during the year used for computing basic earnings per share	95,91,97,790	95,91,97,790
Less : Weighted average shares held by ESOP trust as treasury shares	3,29,670	1,20,488
d) Weighted average number of equity shares outstanding during the year used for computing basic earnings per share	95,88,68,120	95,90,77,302
Add : Options granted to employees *	65,921	23,717
e) Weighted average number of equity shares outstanding during the year used for computing diluted earnings per share	95,89,34,041	95,91,01,018

*356 stock options are excluded from calculating weighted average number of outstanding equity shares for the purpose of computing diluted EPS for 31st March, 2023 (Previous year - 41) as these are anti-dilutive.

NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent Liabilities

	As at 31.03.2023	As at 31.03.2022
(₹ in Crores)		
Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal		
Income Tax	247.17	242.62
Value Added Tax, Goods & Service Tax, Sales Tax, Entry Tax, Octroi & Trade Tax	154.15	159.20
Excise, Service Tax & Customs	15.17	14.86
ii. Labour related disputes	31.53	21.58
iii. Disputes relating to property matters	25.07	22.52
iv. Others (includes disputes on matters pertaining to rent deposits, electricity, consumer cases, etc)	17.93	18.42
Total	491.02	479.20

The above claims are pending before various Appellate Authorities. The management including its advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company’s financial statement.

b. Commitments

	As at 31.03.2023	As at 31.03.2022
(₹ in Crores)		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	1,644.83	626.12
ii. Towards Intangible Assets	28.59	15.27
2. Letters of Credit and Bank guarantees issued by bankers towards procurement of goods and services and outstanding as at year end	80.07	104.84

NOTE 34 : DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are provided to the extent the Company has received intimation from the “Suppliers” regarding their status thereunder.

	As at 31.03.2023	As at 31.03.2022
(₹ in Crores)		
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.		
Principal amount due to micro and small enterprise.	255.02*	110.76*
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

*Includes ₹ 159.33 crores (Previous year - ₹ 54.72 crores) payable towards other financial liabilities.

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

Notes to the Standalone Financial Statements (Contd.)

NOTE 35 : EMPLOYEE BENEFITS

(1) Post-employment benefits* :

(a) Defined benefit gratuity plan (Funded)

The Company has defined benefit gratuity plan for its employees, which requires contribution to be made to a separately administered fund. It is governed by the Payment of Gratuity Act, 1972. Under the Act, all employees who have completed five years of service are entitled to specific benefit. The level of benefits provided depends on the member’s length of service and salary at retirement age. There is no separate contribution by the employee in the fund. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

Each year, the Board of Trustees and the Company review the level of funding in the Trust. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company (employer) contributes to the fund based on the results of this annual review and ensures that the trust is adequately funded. Generally, it aims to have a portfolio mix of sovereign debt instruments, debt instruments of Corporates and equity instruments. The Company aims to keep annual contributions relatively stable at a level such that no significant plan deficits (based on valuation performed) will arise.

Every two years an Asset-Liability-Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, take appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability-Mismatch. There has been no change in the process used by the Company to manage its risks from prior periods.

As the plan assets include significant investments in quoted debt and equity instruments, the Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Fair value of the Company’s own transferable financial instruments held as plan assets : NIL

(b) Defined benefit pension plan (Unfunded)

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the board of directors.

(c) Defined benefit post-retirement medical benefit plan (Unfunded)

The Company operates a defined post-retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	These Plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of such long term debt instrument is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan’s liability.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March, 2023 by M/s Transvalue Consultants.

*GRI 201-3 - Defined benefit plan obligations and other retirement plans.

NOTE 35 : EMPLOYEE BENEFITS (CONTD.)

(1) Post-employment benefits* (Contd.) :

The following tables summarise the components of defined benefit expense recognised in the Statement of Profit and Loss/OCI and the funded status and amounts recognised in the Balance Sheet for the respective plans :

(₹ in Crores)						
	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(i) Opening defined benefit obligation	230.09	221.08	1.45	1.63	0.84	1.99
(ii) Current service cost	18.19	19.67	0.12	0.24	-	-
(iii) Interest cost	16.83	15.23	0.10	0.11	0.06	0.06
(iv) Past Service Cost	-	0.92	-	-	-	-
(v) (Gain) on Curtailments/Settlements	-	-	-	-	-	(1.14)
(vi) Sub-total included in Statement of Profit and Loss (ii+iii+iv+v)	35.02	35.82	0.22	0.35	0.06	(1.08)
(vii) Actuarial (gain) from changes in financial assumptions	(0.82)	(7.88)	-	(0.04)	-	(0.02)
(viii) Actuarial loss from changes in demographic assumptions	-	-	-	-	-	0.04
(ix) Experience adjustment	2.04	3.05	0.09	(0.15)	(0.01)	(0.01)
(x) Sub-total included in Other Comprehensive Income (vii+viii+ix)	1.22	(4.83)	0.09	(0.19)	(0.01)	0.01
(xi) Inter-Company Transfer	(0.05)	(0.45)	-	-	-	-
(xii) Benefits paid	(20.95)	(21.53)	(0.29)	(0.34)	(0.06)	(0.08)
(xiii) Closing defined benefit obligation (i+vi+x+xi+xii)	245.33	230.09	1.47	1.45	0.83	0.84
(xiv) Opening fair value of plan assets	228.63	199.10	-	-	-	-
(xv) Expected return on plan assets	16.62	13.68	-	-	-	-
(xvi) Sub-total included in Statement of Profit and Loss (xv)	16.62	13.68	-	-	-	-
(xvii) Actuarial Gains/(loss)	(8.68)	(0.62)	-	-	-	-
(xviii) Sub-total included in Other Comprehensive Income (xvii)	(8.68)	(0.62)	-	-	-	-
(xix) Contributions by employer	24.00	38.00	-	-	-	-
(xx) Benefits paid	(20.95)	(21.53)	-	-	-	-
(xxi) Closing fair value of plan assets (xiv+xvi+xviii+xix+xx)	239.62	228.63	-	-	-	-
(xxii) Net Liability (xiii-xxi)	5.71	1.46	1.47	1.45	0.83	0.84
Expense recognised in :						
(xxiii) Statement of Profit and Loss (vi-xvi)	18.40	22.14	0.22	0.35	0.06	(1.08)
(xxiv) Statement of Other Comprehensive Income (x-xviii)	9.90	(4.21)	0.09	(0.19)	(0.01)	0.01

Notes to the Standalone Financial Statements (Contd.)

NOTE 35 : EMPLOYEE BENEFITS (CONTD.)

(1) Post-employment benefits* (Contd.):

The major categories of plan assets of the fair value of the total plan assets are as follows :

(₹ in Crores)		
	Gratuity (Funded Plan)	
	As at 31.03.2023	As at 31.03.2022
Government of India securities (Central and State)	121.45	116.32
High quality corporate bonds (including Public Sector Bonds)	91.64	88.12
Equity shares, Equity mutual funds and ETF	21.59	17.31
Cash (including liquid mutual Funds)	0.43	0.37
Others	4.52	6.51

The principal assumptions used in determining gratuity, pension and post-retirement medical benefit obligations for the Company's plans are shown below :

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Discount Rate	7.31%	7.27%	7.31%	7.27%	7.31%	7.27%
Salary Escalation Rate	All Grades- 9% for first year 8% thereafter	All Grades- 9% for first 2 years 8% thereafter	-	-	-	-

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	(₹ in Crores)					
	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Defined Benefit Obligation - Discount Rate + 100 basis points	(19.45)	(18.24)	(0.08)	(0.08)	(0.06)	(0.06)
Defined Benefit Obligation - Discount Rate - 100 basis points	21.42	20.09	0.09	0.09	0.07	0.07
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	20.62	19.33	-	-	-	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(19.30)	(18.10)	-	-	-	-

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.49 years (Previous year -10.46 years).

The Company expects to make a contribution of ₹ 26.77 crores (Previous year - ₹ 19.66 crores) to the defined benefit plans during the next financial year.

NOTE 35 : EMPLOYEE BENEFITS (CONTD.)

(1) Post-employment benefits* (Contd.):

(d) Provident Fund

The Provident Fund assets and liabilities are managed by 'Asian Paints Office Provident Fund' and 'Asian Paints Factory Employees Provident Fund' in line with The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2023.

Participation by all employees in provident funds plans is mandatory. Contribution to Provident Fund is made @ 12% of salary (computed in accordance with the prevalent regulations) by the employee. Similarly, the Company also contributes to the Provident Fund specified percentage of salary as per the prevalent regulations. Employees have the option to voluntarily contribute a higher amount.

The Company contributed ₹ 21.26 crores (Previous year - ₹ 19.41 crores) towards Asian Paints Office Provident Fund during the year ended 31st March, 2023. The Company contributed ₹ 13.44 crores (Previous year - ₹ 11.56 crores) towards Asian Paints Factory Employees Provident Fund during the year ended 31st March, 2023.

The details of the Asian Paints Office Provident Fund and plan assets position are given below :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Present value of benefit obligation at period end	443.16	405.73
Plan assets at period end, at fair value, restricted to Asset recognised in Balance Sheet	443.16	405.73

The details of the Asian Paints Factory Employees Provident Fund and plan assets position are given below :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Present value of benefit obligation at period end	331.88	303.28
Plan assets at period end, at fair value, restricted to Asset recognised in Balance Sheet	331.88	303.28

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

	As at 31.03.2023	As at 31.03.2022
Discounting Rate	7.31%	7.27%
Expected Guaranteed interest rate	8.15%*	8.10%

*Rate announced by Central Board of Trustees of Employees Provident Fund Organisation for the FY 2022-23 and the same is used for valuation purpose. The Trust has provisionally declared interest rate of 8.40% for FY 2022-23.

Notes to the Standalone Financial Statements (Contd.)

NOTE 35 : EMPLOYEE BENEFITS (CONTD.)

(2) Other Long term employee benefits :

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2023 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 9.80 crores (Previous year - increased by ₹ 12.42 crores).

(a) Financial Assumptions

	As at 31.03.2023	As at 31.03.2022
Discount Rate	7.31%	7.27%
Salary increases allowing for Price inflation	All Grades- 9% for first year 8% thereafter	All Grades- 9% for first 2 years 8% thereafter

(b) Demographic Assumptions

	As at 31.03.2023	As at 31.03.2022
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs - 1.80%	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs - 1.80%
Leave Availment Ratio	5%	5%

(3) Employee share based payment plans

During the year ended 31st March, 2022, the Company implemented Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”). The plan was approved by the shareholders in the Company’s 75th AGM held on 29th June, 2021. The 2021 Plan enables grant of stock options to the eligible employees of the Company and its subsidiaries not exceeding 25,00,000 Shares, which is 0.26 % of the paid up equity share capital of the Company as on 12th May, 2021. Further, the stock options to any single employee under the Plan shall not exceed 5,00,000 Shares of the Company during the tenure of the Plan, subject to compliance with Applicable Law.

The options granted under 2021 Plan have a maximum vesting period of 4 years. The options granted are based on the performance of the employees during the year of the grant and their continuing to remain in service over the next 3 years. The process for determining the eligibility of employees for the grant of stock options under the 2021 Plan shall be determined by the Nomination and Remuneration Committee (Administrator of the 2021 Plan) in consultation with Managing Director & CEO and based on employee’s grade, performance rating and such other criteria as may be considered appropriate. The employees shall be entitled to receive one equity share of the Company on exercise of each stock option, subject to performance of the employees and continuation of employment over the vesting period. The exercise price for stock options granted are at a discount of 50% to the Reference Share Price (the average of the daily high and low of the volume weighted average prices of the Shares quoted on a recognised stock exchange during the 22 trading days preceding the day on which the grant is made) of the shares of the Company as defined under 2021 Plan.

NOTE 35 : EMPLOYEE BENEFITS (CONTD.)

(3) Employee share based payment plans (Contd.)

Further, the 2021 Plan replaced the existing Deferred Incentive Scheme (which provided for deferred cash pay-outs based on performance of the employees and satisfaction of vesting conditions). Pursuant to launch of 2021 Plan, the eligible employees were given option to convert existing deferred incentive benefit for FY 2020-21 into ESOPs. Accordingly, stock options were granted to those employees opting for ESOPs.

The Administrator approved secondary purchase of shares equivalent to the options granted in August 2021 through Asian Paints Employees Stock Ownership Trust (“ESOP Trust” or “Trust”) which is shown as treasury shares in the Statement of Changes in Equity.

(a) Details of stock options granted :

	Grant Date	Vesting Date	Options outstanding at the beginning of the year	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options lapsed during the year	Balance as at year end	Exercisable at period end	Weighted Average remaining contractual life (years)
Grant 1	16 th August, 2021	31 st March, 2024	1,08,354	-	-	-	10,822	97,532	7,500	2
Grant 2	16 th August, 2021	31 st March, 2025	1,13,304	4,854	-	-	12,430	1,05,728	4,404	3
Grant 3	10 th February, 2022	31 st March, 2025	4,425	-	-	-	684	3,741	73	3
Grant 4	6 th June, 2022	31 st March, 2026	-	1,34,943	-	-	12,597	1,22,346	1,121	4
Grant 5	8 th September, 2022	31 st March, 2026	-	6,312	-	-	-	6,312	-	4
Grant 6	19 th January, 2023	31 st March, 2026	-	1,174	-	-	-	1,174	-	4
Grant 7	31 st March, 2023	31 st March, 2026	-	1,124	-	-	-	1,124	-	4

Weighted average exercise price for respective option series towards all the movement including opening and closing outstanding options is same as exercise price on grant date.

(b) Fair Value of stock options granted :

Fair Value of stock options was calculated using the Black Scholes Model. The key assumptions used for calculating the option fair value are as below :

	Grant Date	Fair Value at Grant Date (₹)	Exercise price (₹)	Market price at the time of grant of the option (₹)	Risk free interest rate	Expected life	Expected volatility	Dividend Yield
			50% of Reference Share Price		Zero Coupon Sovereign Bond Interest Rate equivalent for option life	Tenure to vesting of options and half of exercise period assuming even exercise of options during exercise period	Based on daily volatility for period equivalent for option life	Dividend yield is calculated as dividend paid in last FY divided by current share price
Grant 1	16 th August, 2021	1,685.13	1,518.70	2,987.55	5.07%	3.12 years	34.67%	0.60%
Grant 2	16 th August, 2021	1,752.87	1,518.70	2,987.55	5.50%	4.12 years	32.17%	0.60%
Grant 3	10 th February, 2022	1,884.83	1,632.53	3,228.35	5.57%	3.63 years	33.93%	0.55%
Grant 4	6 th June, 2022	1,768.00	1,478.00	2,886.90	7.17%	4.32 years	33.76%	0.66%
Grant 5	8 th September, 2022	2,098.00	1,706.00	3,400.35	7.08%	4.06 years	34.71%	0.56%
Grant 6	19 th January, 2023	1,769.00	1,505.00	2,945.25	7.22%	3.69 years	34.75%	0.65%
Grant 7	31 st March, 2023	1,649.00	1,412.00	2,770.50	7.28%	3.50 years	34.59%	0.69%

During the year, the Company has recognised an expense of ₹ 11.97 crores (31st March, 2022 - ₹ 8.52 crores). This is net of recoveries from subsidiaries of ₹ 1.40 crores (31st March, 2022 - ₹ 2.42 crores).

Notes to the Standalone Financial Statements (Contd.)

NOTE 36(A) : DISCLOSURE AS PER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS

There are no loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties as at 31st March, 2023 and 31st March, 2022.

NOTE 36(B) : DISCLOSURE AS PER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows :

- (i) Details of Investments made are given in Note 5(A)(a)(i) and 5(A)(a)(ii).
- (ii) There are no guarantees issued or loans given by the Company as at 31st March, 2023 and 31st March, 2022.

NOTE 37 : ACQUISITIONS AND INCORPORATIONS

(a) Equity infusion in Weatherseal Fenestration Private Limited :

The Company entered into Shareholders Agreement and Share Subscription Agreement entered with the promoters of Weatherseal Fenestration Private Limited ("Weatherseal") on 1st April, 2022. Weatherseal is engaged in the business of interior decoration/furnishing, including manufacturing uPVC windows and door systems.

The Company subscribed to 51% of the equity share capital of Weatherseal for a cash consideration of ₹ 18.8 crores on 14th June, 2022. Accordingly, Weatherseal became a subsidiary of the Company. Further, in accordance with the Shareholders Agreement and the Share Subscription Agreement, the Company has agreed to acquire further stake of 23.9% in Weatherseal Fenestration from its promoter shareholders, in a staggered manner, over the next 3 years period. The Company has also entered into a put contract for acquisition of 25.1% stake in Weatherseal.

On the day of acquisition, the Company recognised derivative asset / liability (net) for the same, initially measured at fair value and correspondingly adjusted in the cost of investment amounting to ₹ 1.86 crores. On 31st March, 2023, fair value of the derivative asset / liability (net) is ₹ 2.25 crores. Fair valuation impact of ₹ 0.39 crores is recognised in the Statement of Profit & Loss for the year ended 31st March, 2023 towards derivative contracts.

(b) Investment in Obgenix Software Private Limited :

The Company entered into Share Purchase Agreement and other definitive documents with the shareholders of Obgenix Software Private Limited (popularly known by the brand name of 'White Teak') on 1st April, 2022. White Teak is engaged in designing, trading or otherwise dealing in all types and description of decorative lighting products and fans, etc. In accordance with the agreement, the remaining 51% of the equity share capital would be acquired in a staggered manner.

The Company acquired 49% of the equity share capital of 'White Teak' on 2nd April, 2022 for a cash consideration of ~ ₹ 180 crores along with an earn out, payable after a year, subject to achievement of mutually agreed financial milestones. Accordingly, White Teak became an associate of the Company.

On the day of acquisition, the Company estimated and recognised gross obligation towards earn out for acquiring 49% stake amounting to ₹ 37.71 crores and derivative asset / liability (net) for acquiring the remaining 51% stake in White Teak at fair value with a corresponding adjustment in the cost of investment amounting to ₹ 1.32 crores.

On 31st March, 2023, fair value of earn out is ₹ 58.97 crores and that of derivative asset / liability (net) is ₹ 3.85 crores. Fair valuation impact of ₹ 21.26 crores and ₹ 5.17 crores is recognised in the Statement of Profit & Loss for the year ended 31st March, 2023 towards earn out and derivative contracts respectively.

(c) Incorporation of Asian Paints (Polymers) Limited :

On 11th January, 2023, the Company incorporated a wholly owned subsidiary named Asian Paints (Polymers) Private Limited ('APPPL') for manufacturing of Vinyl Acetate Monomer and Vinyl Acetate Ethylene Emulsion in India. The Company invested ₹ 200 crores in equity share capital of Asian Paints (Polymers) Private Limited in the current year, thus subscribing to 20 crores equity shares of APPPL having a face value of ₹ 10 each.

NOTE 37 : ACQUISITIONS AND INCORPORATIONS (CONTD.)

(d) Agreement for acquisition of stake in Harind Chemicals and Pharmaceuticals Private Limited :

The Company entered into Share Purchase Agreement and other definitive documents with the shareholders of Harind Chemicals and Pharmaceuticals Private Limited ('Harind') on 20th October, 2022 for purchase of majority stake over a period of 5 years, subject to fulfilment of certain conditions precedent in a staggered manner. Harind is a specialty chemicals company engaged in the business of nanotechnology-based research, manufacturing, and sale of a range of additives and specialized coatings.

On fulfilment of pre-condition, the acquisition would happen in the following manner :

- (i) First tranche of 51% would be acquired for a consideration of ₹ 12.75 crores (approx.); and
- (ii) Second tranche of 19% and third tranche of 20% would be acquired during the FY 2023-24 and FY 2027-28, respectively, on such consideration as agreed between the Company and the existing shareholders based on achievement of certain financial targets.

(e) Incorporation of Asian White Cement Holding Limited :

The Company has incorporated a subsidiary named Asian White Cement Holding Limited ('AWCHL') along with other partners in Dubai International Financial Centre, UAE on 2nd May, 2023 for the purpose of setting up an operating Company in Fujairah, UAE. The Company is currently in the process of infusing capital in AWCHL and will hold 70% stake.

NOTE 38 : RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below :

a) Associates :

- 1) PPG Asian Paints Private Limited
Wholly owned subsidiaries of PPG Asian Paints Private Limited :
 - a) Revocoat India Private Limited
 - b) PPG Asian Paints Lanka Private Limited *
- 2) Obgenix Software Private Limited **

* The Company has ceased its business operations during the year 2022-23.

**Associate w.e.f. 2nd April, 2022.

b) Subsidiaries (where control exists) :

Direct Subsidiaries :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2023	% of Holding as at 31.03.2022
Asian Paints (Nepal) Private Limited	Nepal	52.71	52.71
Asian Paints Industrial Coatings Limited	India	100.00	100.00
Asian Paints International Private Limited (APIPL)	Singapore	100.00	100.00
Maxbhum Developers Limited	India	100.00	100.00
Sleek International Private Limited	India	100.00	100.00
Asian Paints PPG Private Limited	India	50.00	50.00
Weatherseal Fenestration Private Limited ***	India	51.00	N.A.
Asian Paints (Polymers) Private Limited ^	India	100.00	N.A.

*** Subsidiary w.e.f. 14th June, 2022.

^ Subsidiary w.e.f. 11th January, 2023.

Notes to the Standalone Financial Statements (Contd.)

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below (Contd.) :

b) Subsidiaries (where control exists) (Contd.) :

Indirect Subsidiaries :

(i) Subsidiaries of Asian Paints International Private Limited, Singapore

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2023	% of Holding as at 31.03.2022
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00
PT Asian Paints Indonesia	Indonesia	100.00	100.00
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00
Asian Paints (South Pacific) Pte Limited	Fiji Islands	54.07	54.07
Asian Paints (S.I) Limited	Solomon Islands	75.00	75.00
Asian Paints (Bangladesh) Limited %	Bangladesh	95.09	89.78
Asian Paints (Middle East) SPC ^^	Sultanate of Oman	100.00	100.00
SCIB Chemicals S.A.E.*	Egypt	61.31	61.31
Samoa Paints Limited	Samoa	80.00	80.00
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00	60.00
Causeway Paints Lanka (Pvt) Ltd **	Sri Lanka	99.98	99.98
A P International Doha Trading W.L.L ***	Qatar	100.00	100.00

% On 13th December, 2022, APIPL completed equity infusion via rights issue in Asian Paints (Bangladesh) Limited. The right shares, which were not subscribed by minority shareholders, were also acquired by APIPL.

^^ On 7th April, 2021, APIPL entered into a Share Purchase Agreement for purchase of stake of non-controlling interest (51%) in Asian Paints Middle East SPC (earlier known as Asian Paints (Middle East) LLC), Oman, subsidiary of APIPL (by virtue of management control). The said transaction was concluded on 14th April, 2021.

* On 31st May, 2021, APIPL completed a buyout of 1.31% stake from certain minority shareholders in SCIB Chemicals S.A.E., Egypt, subsidiary of APIPL.

** On 1st April, 2021, the Registrar General of Companies in Sri Lanka approved the scheme of Amalgamation of Asian Paints (Lanka) Limited with Causeway Paints Lanka (Pvt) Ltd.

*** Subsidiary w.e.f. 29th July, 2021.

(ii) Subsidiary of Enterprise Paints Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2023	% of Holding as at 31.03.2022
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00

(iii) Subsidiary of Nirvana Investments Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2023	% of Holding as at 31.03.2022
Berger Paints Emirates LLC	U.A.E.	100.00	100.00

(iv) Subsidiary of Universal Paints Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2023	% of Holding as at 31.03.2022
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

c) Key Managerial Personnel :

Name	Designation
Amit Syngle	Managing Director & CEO
R J Jeyamurugan	CFO & Company Secretary
Non-Executive Directors	
Late Abhay Vakil (upto. 2 nd November, 2021)	M.K. Sharma (upto 31 st March, 2022)
Amrita Vakil	Nehal Vakil (w.e.f. 1 st March, 2022)
Ashwin Dani	Pallavi Shroff
Deepak Satwalekar (Chairman)	R Seshasayee
Jigish Choksi	Dr. S. Sivaram (upto 30 th September, 2021)
Malav Dani	Suresh Narayanan
Manish Choksi (Vice Chairman)	Vibha Paul Rishi
Milind Sarwate (appointed w.e.f. 21 st October, 2021)	

d) Names of Close Family Members of Key Managerial Personnel (apart from those who are in employment of the Company) where transactions have taken place during the year :

Aashay Ashish Choksi	Ina Ashwin Dani	Rita Mahendra Choksi
ACC AP Trust	Ishwara Hasit Dani	Rupal Anant Bhat
Ami Manish Choksi	Jalaj Ashwin Dani	Rupen Ashwin Choksi
Anay Rupen Choksi	Late Abhay Arvind Vakil	Sanjay Rishi
Asha Subhash Gujarathi	Late Amar Arvind Vakil	Satyen Ashwin Gandhi
Ashish Ashwin Choksi §	Mahendra Chimanlal Choksi §	Shailesh Chimanlal Choksi §
Ashwin Ramanlal Gandhi	Manish Mahendra Choksi HUF	Shalinie Syngle
Ashwin Suryakant Dani HUF	Meghna Satyen Gandhi	Shubhlakshmi Hasit Dani
Bhairavi Abhay Vakil	Mudit Jalaj Dani	Smiti Jalaj Dani
Binita Ashish Choksi	Nysa Rupen Choksi	Urvashi Ashwin Choksi
Chandanben Chhotatalal Shah	Prafullika Shailesh Choksi	Vaibhavi Hiren Gandhi
Dipika Amar Vakil	Ragini Varun Vakil	Vishal Shailesh Choksi
Druhi Ashish Choksi	Rhea Manish Choksi	Vita Jalaj Dani
Hasit Ashwin Dani §	Richa Manish Choksi	Vivek Abhay Vakil §
Hiren Ashwin Gandhi		

§ includes HUF of which he is the karta

e) Close family members of Key Managerial Personnel who are under the employment of the Company and with whom transactions have taken place during the year :

Varun Vakil ++

++ includes HUF of which he is the karta

Notes to the Standalone Financial Statements (Contd.)

NOTE 38 : RELATED PARTY TRANSACTIONS(CONTD.)

f) Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control and where transactions have taken place during the year :

Addverb Technologies Ltd. [§]	Hitech Specialities Solutions Ltd.	Ricinash Renewable Materials Pvt. Ltd. ***
Ankleshwar Industrial Development Society	Jalaj Trading and Investment Company Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Asteroids Trading and Investments Pvt. Ltd.	Jaldhar Investments and Trading Company Pvt. Ltd.	Sattva Holding and Trading Pvt. Ltd.
Castle Investment & Industries Pvt. Ltd.	Lambodar Investments and Trading Company Ltd.	Satyadharma Investments and Trading Company Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Lyon Investment and Industries Pvt. Ltd.	Shardul Amarchand Mangaldas & Co.
Dani Finlease Pvt. Ltd. [@]	Murahar Investments and Trading Company Ltd.	Stack Pack Ltd.
Doli Trading and Investments Pvt. Ltd.	Navbharat Packaging Industries Pvt. Ltd. **	Smiti Holding and Trading Company Pvt. Ltd.
Elcid Investments Ltd.	Nehal Trading and Investments Pvt. Ltd.	Sudhanva Investments and Trading Company Pvt. Ltd.
ELF Trading and Chemical Manufacturing Pvt. Ltd. *	Paladin Paints and Chemicals Pvt. Ltd.	Suptaswar Investments and Trading Company Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Riash Renewable Materials Pvt. Ltd. [^]	Tru Trading And Investments Pvt. Ltd.
Gujarat Organics Pvt. Ltd. [%]	Piramal Swasthya Management and Research Institute	Unnati Trading and Investments Pvt. Ltd.
Hiren Holdings Pvt. Ltd.	Rayirth Holding and Trading Company Pvt. Ltd.	Vikatmev Containers Ltd.
Hitech Corporation Ltd.	Resins and Plastics Ltd.	

[§] till 31st March, 2022. Change in name w.e.f. 16th September, 2022 (formerly known as Addverb Technologies Pvt. Ltd.)
[@] change in name w.e.f. 7th February, 2022 (formerly known as Dani Finlease Ltd.).
^{*} change in name w.e.f. 22nd December, 2021 (formerly known as ELF Trading and Chemicals Mfg. Ltd.).
[%] change in name w.e.f. 14th December, 2022 (formerly known as Gujarat Organics Ltd.).
^{**} change in name w.e.f. 22nd December, 2021 (formerly known as Navbharat Packaging Industries Ltd.).
[^] formerly known as Riash Realty Pvt. Ltd. (till 26th October, 2022).
^{***} formerly known as Ricinash Oil Mill Ltd. (till 25th August, 2021) & Ricinash Renewable Materials Ltd (till 7th March, 2022).

g) Other entities where significant influence exist :

i) Post employment-benefit plan entity :

Asian Paints (I) Limited Employees’ Gratuity Fund

ii) Other :

Asian Paints Office Provident Fund (Employee benefit plan)
Asian Paints Factory Employees’ Provident Fund (Employee benefit plan)
Asian Paints Management Cadres’ Superannuation Scheme (Employee benefit plan)

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Terms and conditions of transactions with related parties :

1. The Company has been entering into transactions with related parties for its business purposes. The process followed for entering into transactions with related party is same as followed for unrelated party. Vendors are selected competitively having regard to strict adherence to quality, timely servicing and cost advantage. Further related party vendors provide additional advantages in terms of :

(a) Supplying products primarily to the Company,
(b) Advanced and innovative technology,
(c) Customization of products to suit the Company’s specific requirements, and
(d) Enhancement of the Company’s purchase cycle and assurance of just in time supply with resultant benefits– notably on working capital.
2. The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm’s length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.
3. During the year ended 31st March, 2023, the Company has recorded an amount of ₹ 0.22 crores due from its subsidiaries and associates (Previous year - ₹ 0.21 crores) as provision for doubtful receivables in Statement of Profit and Loss. As at 31st March, 2023, the provision for doubtful receivables from its subsidiaries and associates is ₹ 7.31 crores (Previous year - ₹ 7.09 crores).

During the year ended 31st March, 2023, the Company has not written off any amount against doubtful receivables (Previous year - NIL).

The assessment of receivables is undertaken in each financial year through examining the financial position of related parties, the market and regulatory environment in which related parties operate and is in accordance with the accounting policy of the Company.

Compensation of key managerial personnel of the Company :

(₹ in Crores)		
	Year 2022-23	Year 2021-22
Short-term employee benefits	29.10	23.38
Post-employment benefits	0.07	0.12
Total compensation paid to key managerial personnel	29.17	23.50

Details of transactions with and balances outstanding of Associate Companies :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
PPG Asian Paints Private Limited	Revenue from Sale of Products	4.42	0.65	4.71	0.71
	Purchase of Goods	0.37	0.03	0.26	0.21
	Purchase of Assets	-	-	0.42	-
	Processing Income	11.06	2.81	11.20	(0.35)
	Royalty Income	3.76	0.32	3.25	0.50
	Other Non-Operating Income	8.23	0.25	7.38	0.93
	Processing charges	#	-	0.41	0.01
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.39	0.25	0.19	0.08
	Dividend received	42.78	-	-	-

Notes to the Standalone Financial Statements (Contd.)

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Associate Companies (Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Revocoat India Private Limited	Other Non-Operating Income	0.17	(0.02)	0.19	0.02
Obgenix Software Private Limited	Purchase of Goods	0.88	0.71	-	-
	Royalty Income	0.13	0.13	-	-
	Other Non-Operating Income	1.06	0.26	-	-
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.63	0.18	-	-

Details of transactions with and balances outstanding of Subsidiary Companies :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Asian Paints PPG Private Limited	Revenue from Sale of Products	13.85	2.52	9.03	4.11
	Purchase of Goods	75.79	12.40	87.22	16.91
	Processing Income	31.92	5.14	28.18	10.11
	Royalty Income	18.54	5.05	14.48	8.58
	Other Non Operating Income	7.69	0.65	7.26	3.16
	Services Received	0.46	0.07	0.05	0.04
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.93	(0.25)	1.96	1.47
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.33	-	0.88	-
	Revenue from Sale of Products	1.94	0.30	2.05	0.75
	Purchase of Goods	12.76	(1.09)	7.23	0.01
Sleek International Private Limited	Purchase of Assets	0.17	-	0.51	0.07
	Royalty Income	1.49	0.12	1.14	0.33
	Reimbursement for Expenses incurred by the Company on behalf of the related party	11.87	2.67	12.70	5.25
	Other Non Operating Income	8.09	1.00	7.17	2.92
	Services Received	5.88	0.46	1.81	0.30
Asian Paints Industrial Coatings Limited	Reimbursement for Expenses incurred by related party on behalf of the Company	1.08	0.07	0.33	0.11
	Equity Investment	-	-	79.99	-
	Sale of Assets	0.01	0.01	-	-
	Other Non Operating Income	0.04	0.04	0.03	0.03
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.07	#	0.04	0.04

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Subsidiary Companies (Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Maxbhumii Developers Limited	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.04	#	#	-
Weatherseal Fenestration Private Limited	Royalty Income	0.04	0.04	-	-
	Other Non Operating Income	1.21	0.44	-	-
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.23	0.23	-	-
Asian Paints (Polymers) Private Limited	Other Non Operating Income	0.63	0.20	-	-
	Reimbursement for Expenses incurred by the Company on behalf of the related party	1.23	0.01	-	-
	Equity Infusion	200.00	-	-	-
Asian Paints (Bangladesh) Limited	Other non operating income	#	0.01	0.14	#
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.06	0.58	0.21	0.49
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.30	0.22	0.22	0.07
	Revenue from sale of products	7.72	2.20	10.83	2.02
	Royalty Income	12.47	23.46	12.69	22.36
Asian Paints (Middle East) SPC	Other non operating income	0.02	-	0.11	0.01
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.02	0.02	-	-
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.23	0.18	0.11	0.05
Asian Paints (Nepal) Private Limited	Revenue from sale of products	1.61	0.55	2.24	0.51
	Royalty Income	6.43	11.70	4.85	4.85
	Other non operating income	0.29	0.35	0.20	0.24
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.14	0.15	0.32	0.29
	Reimbursement for Expenses incurred by the Company on behalf of the related party	1.96	2.54	0.82	0.85
	Revenue from sale of products	29.77	3.54	33.26	8.35
	Issue of Materials as free sample	0.02	-	-	-
	Royalty Income	17.19	23.89	8.41	6.70
	Dividend received	14.22	14.22	12.19	12.19

Notes to the Standalone Financial Statements (Contd.)

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Subsidiary Companies (Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Asian Paints (S.I) Limited	Royalty Income	0.40	0.12	0.32	0.07
Asian Paints (South Pacific) Pte Limited	Other non operating income	0.05	0.01	#	0.01
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.05	0.11	0.07	0.06
	Revenue from sale of products	0.09	0.10	#	-
	Royalty Income	2.65	0.49	2.35	0.66
Asian Paints (Vanuatu) Limited	Royalty Income	0.17	0.04	0.15	0.03
Asian Paints International Private Limited	Other non operating income	3.32	1.17	3.09	1.24
	Services Received	0.01	-	1.54	0.71
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.12	0.10	0.08	0.07
	Reimbursement for Expenses incurred by the Company on behalf of the related party	4.99	4.15	5.23	4.22
	Royalty Income	9.72	9.71	7.99	7.95
	Sitting Fees Received (from subsidiaries for nominee directors)	0.41	0.41	0.63	0.63
Berger Paints Bahrain W.L.L.	Other non operating income	0.02	#	0.01	0.01
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.16	0.17	-	-
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.12	0.03	0.10	0.03
	Revenue from sale of products	0.35	0.07	0.45	0.13
Berger Paints Emirates LLC	Services Received	2.07	0.58	1.01	0.50
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.87	0.27	0.04	0.07
	Reimbursement for Expenses incurred by the Company on behalf of the related party	1.63	1.65	1.00	0.72
	Revenue from sale of products	1.62	1.01	3.18	1.35
	Purchase of Assets	-	-	0.12	0.12
	Other non operating income	0.01	0.01	-	-

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Subsidiary Companies (Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Causeway Paints Lanka (Pvt) Ltd.	Other non operating income	0.02	#	0.16	0.17
	Services Received	0.44	0.12	0.46	0.13
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.20	0.20	0.32	0.32
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.67	0.47	0.79	0.82
	Revenue from sale of products	7.29	0.54	20.99	19.26
	Royalty Income	5.27	5.27	5.30	8.46
Kadisco Paint and Adhesive Industry Share Company	Reimbursement for Expenses incurred by related party on behalf of the Company	0.18	0.36	0.16	0.16
PT Asian Paints Indonesia	Other non operating income	0.05	-	0.50	0.14
	Reimbursement for Expenses incurred by related party on behalf of the Company	0.24	0.24	0.20	0.01
	Reimbursement for Expenses incurred by the Company on behalf of the related party	0.47	0.39	0.64	0.35
	Revenue from sale of products	1.53	0.34	1.26	0.24
	Royalty Income	2.26	2.26	2.12	2.12
	Royalty Income	0.26	0.13	0.20	0.05
Samoa Paints Limited	Royalty Income	0.26	0.13	0.20	0.05
SCIB Chemicals S.A.E.	Other non operating income	0.05	0.05	0.02	0.02
	Reimbursement for Expenses incurred by related party on behalf of the company	0.01	0.15	0.13	0.13
	Reimbursement for Expenses incurred by the company on behalf of the related party	0.39	0.48	0.31	0.20
	Revenue from sale of products	0.42	-	-	-
	Royalty Income	12.92	17.78	12.37	17.68

The Company has issued letters of awareness to banks/ financial institutions with respect to loans taken by certain international subsidiary companies. There has been no guarantee given or provided to any related party.

Additionally, the Company has issued letter to the Board of APIPL informing its commitment to provide support to the subsidiary to meet its obligations, as and when they fall due including additional funding that may be necessitated to meet the approved business plan.

Notes to the Standalone Financial Statements (Contd.)

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel:

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Amit Syngle	Remuneration ^	18.40	10.19	13.75	6.66
	Dividend paid	#	-	#	-
R J Jeyamurugan	Remuneration ^^	3.69	-	3.06	-
Late Abhay Vakil	Retiral benefits	-	-	0.05	-
	Remuneration	-	-	0.42	0.34
	Dividend paid	-	-	51.40	-
Amrita Vakil	Remuneration	0.55	0.42	0.46	0.34
	Dividend paid	5.11	-	4.66	-
Ashwin Dani	Retiral benefits	0.07	-	0.07	-
	Remuneration	0.50	0.42	0.46	0.36
	Dividend paid	3.92	-	3.58	-
Deepak Satwalekar	Remuneration	0.62	0.50	0.57	0.40
Jigish Choksi	Remuneration	0.53	0.42	0.44	0.34
	Dividend paid	3.97	-	3.62	-
Malav Dani	Remuneration	0.57	0.44	0.50	0.36
	Dividend paid	6.58	-	6.00	-
Manish Choksi	Remuneration	0.63	0.46	0.55	0.38
	Dividend paid	4.75	-	4.34	-
Milind Sarwate	Remuneration	0.63	0.48	0.23	0.14
	Dividend paid	#	-	#	-
M.K. Sharma	Remuneration	-	-	0.61	0.40
Nehal Vakil	Remuneration	0.52	0.42	0.07	0.03
	Dividend paid	25.48	-	4.42	-
Pallavi Shroff	Remuneration	0.55	0.42	0.45	0.34
R Seshasayee	Remuneration	0.66	0.44	0.58	0.38
	Dividend paid	#	-	#	-
Dr. S. Sivaram	Remuneration	-	-	0.21	0.18
Suresh Narayanan	Remuneration	0.62	0.46	0.54	0.38
Vibha Paul Rishi	Remuneration	0.63	0.44	0.48	0.35
Varun Vakil (Close Family Members of KMP)	Remuneration	0.93	-	0.82	-
	Dividend paid	14.82	-	4.05	-
Others *	Dividend paid	136.94	-	101.79	-

^ Remuneration does not include Performance based incentive, Deferred incentive of ₹ 0.90 crores paid in 2022-23 (₹ 1.13 crores paid in 2021-22) for previous years and ₹ 5.49 crores worth of stock options for current year (Previous year - ₹ 3.59 crores) which will be subject to vesting conditions in accordance with the 2021 plan.

^^ Remuneration does not include Deferred incentive of ₹ 0.16 crores paid in 2022-23 (₹ 0.25 crores paid in 2021-22) for previous years and ₹ 0.48 crores worth of stock options for current year (Previous year - ₹ 0.48 crores in lieu of eligible deferred incentive) which will be subject to vesting conditions in accordance with the 2021 plan.

* Dividend paid to Close Family Members of Key Managerial Personnel has been shown under others, which are less than 10% of overall dividend paid to Related parties.

NOTE 38 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Entities Controlled by Key Managerial Personnel / Close Family Members of Key Managerial Personnel :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Addverb Technologies Ltd.	Services Received	-	-	0.38	0.07
Ankleshwar Industrial Development Society	Services Received	0.11	(0.01)	0.04	(0.01)
ELF Trading and Chemical Manufacturing Pvt. Ltd.	Revenue from sale of products & services	0.63	(0.24)	-	-
	Dividend paid	4.20	-	3.83	-
Hitech Corporation Ltd.	Purchase of goods	470.03	3.34	513.62	2.21
Hitech Specialities Solutions Ltd.	Purchase of goods	6.91	-	21.76	1.80
Navbharat Packaging Industries Pvt. Ltd.	Purchase of goods	6.32	0.30	8.06	0.39
Paladin Paints and Chemicals Pvt. Ltd.	Purchase of goods	0.49	#	2.58	0.11
Piramal Swasthya Management and Research Institute	Corporate Social Responsibility Expenses	3.21	-	2.46	-
Resins and Plastics Ltd.	Purchase of goods	8.66	2.03	6.21	0.74
Ricinash Renewable Materials Pvt. Ltd.	Purchase of goods	17.46	0.95	20.01	#
Shardul Amarchand Mangaldas & Co.	Services Received	1.52	0.44	2.34	0.76
Stack Pack Ltd.	Purchase of goods	13.33	2.41	8.91	1.40
Vikatmev Containers Ltd.	Purchase of goods	21.22	1.02	22.14	1.53
	Dividend paid	0.22	-	0.20	-
Riash Renewable Materials Pvt. Ltd.	Revenue from sale of products & services	0.20	(0.88)	-	-
Sattva Holding and Trading Private Limited	Dividend paid	109.03	-	102.35	-
Smiti Holding and Trading Company Private Limited	Dividend paid	110.12	-	100.44	-
Others *	Dividend paid	579.39	-	528.43	-

* Dividend paid to Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors has been shown under others, which are less than 10% of overall dividend paid to Related parties.

Details of transactions with and balances outstanding for Other Entities where significant influence exist :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Asian Paints (I) Limited Employees' Gratuity Fund *	Contributions during the year (includes Employees' share and contribution)	24.00	-	38.00	-
Asian Paints Office Provident Fund	Contributions during the year (includes Employees' share and contribution)	54.47	4.53	50.66	4.14
Asian Paints Factory Employees' Provident Fund	Contributions during the year (includes Employees' share and contribution)	39.82	3.27	34.84	2.88
Asian Paints Management Cadres Superannuation Scheme	Contributions during the year (includes Employees' share and contribution)	0.04	-	0.03	-

* The Company pays to the employees on behalf of Trust which is subsequently reimbursed by the Trust.

Represents amounts less than ₹ 50,000/-.

All the amounts reported in Note 38 are inclusive of GST wherever applicable.

Notes to the Standalone Financial Statements (Contd.)

NOTE 39 : SEGMENT REPORTING

The Company has forayed into new Home Decor products and services propelling its transition from ‘share of surface’ to ‘share of space’. Home Decor has strong synergy with the Company’s core business and hence is an essential part of the Company’s strategy. Considering the interlinked nature of products and services offered and the type of customers served, the resources are allocated across the Company interchangeably and business performance is reviewed as one segment. Thus, in accordance with Ind AS 108 – Segment Reporting, the Company’s business segment comprises of a single reportable operating segment of “Paints and Home Decor”. Accordingly, no separate segment information has been provided. The comparative figures are reported in line with the current year.

NOTE 40 :

During year ended 31st March, 2022, the Company had re-assessed the expected timing of receipt of cashflow towards subsidy receivable from the State Governments in accordance with Ind AS 109 – Financial Instruments. Accordingly, an amount of ₹ 53.73 crores was computed under ‘expected credit loss’ method and recognised as an exceptional item towards subsidy receivable for earlier years provided for time value of money in the Financial Statements for the year ended 31st March, 2022. The impact of this provision reversal / unwinding on account of passage of time has been recognised as non-operating income in the Financial Statements for the year ended 31st March, 2023.

NOTE 41 : CORPORATE SOCIAL RESPONSIBILITY EXPENSES

A. Gross amount required to be spent by the Company during the year 2022-23 - ₹ 77.20 crores (2021-22 - ₹ 70.77 crores)						
B. Amount spent during the year on : (₹ in Crores)						
	Year 2022-23			Year 2021-22		
	In cash*	Yet to be paid in cash	Total	In cash*	Yet to be paid in cash	Total
i Construction/Acquisition of any assets	-	-	-	-	-	-
ii Purposes other than (i) above	74.47	2.68	77.15	61.30	9.71	71.01
	74.47	2.68	77.15	61.30	9.71	71.01
C. Related party transactions in relation to Corporate Social Responsibility :			3.21			2.46
D. Provision movement during the year :						
Opening provision			0.03			0.39
Addition during the year			-			0.03
Utilised during the year			(0.03)			(0.39)
Closing provision			-			0.03
E. Amount earmarked for ongoing project : (₹ in Crores)						
	Year 2022-23			Year 2021-22		
	With Company	In Separate CSR Unspent A/c	Total	With Company	In Separate CSR Unspent A/c	Total
Opening balance	-	9.06	9.06	14.78	-	14.78
Amount required to be spent during the year	-	-	-	-	-	-
Transfer to Separate CSR Unspent A/c	-	-	-	(14.78)	14.78	-
Amount spent during the year	-	(8.18)	(8.18)	-	(5.72)	(5.72)
Closing balance	-	0.88	0.88	-	9.06	9.06

* Represents actual outflow during the year

There is no unspent amount at the end of the year to be deposited in specified fund of Schedule VII under Section 135(5) of the Companies Act, 2013.

NOTE 41 : CORPORATE SOCIAL RESPONSIBILITY EXPENSES (CONTD.)

F. Details of excess amount spent

(₹ in Crores)				
	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
Details of excess amount spent	0.27	77.20	77.15	0.22

G. Nature of CSR activities undertaken by the Company

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of :

- (i) creating employability & enhancing the dignity of the painter/ carpenter/ plumber community
- (ii) focus on water conservation, replenishment and recharge
- (iii) enabling access to quality primary health care services
- (iv) disaster relief measures

NOTE 42 : RELATIONSHIP WITH STRUCK OFF COMPANIES

Details of struck off companies with whom the Company has transaction during the year or outstanding balance as on Balance Sheet date :

(₹ in Crores)			
Name of Struck off Company	Nature of transactions with struck-off Company	As at 31.03.2023	As at 31.03.2022
Citi Square Modular Industries Private Limited ^{(1) (2)}	Receivables	0.09	0.09
D.R. Retails Private Limited ^{(1) (2)}	Receivables	0.01	0.01
K.A.S. Housing Private Limited ^{(1) (2)}	Receivables	0.01	0.01
Paint Shades Private Limited	Receivables	0.35	0.23
Tirupati Suppliers Private Limited ^{(1) (2)}	Receivables	0.40	0.40
Viva Concrete Technologies Private Limited ^{(1) (2)}	Receivables	0.02	0.02
Dte Events Private Limited	Payables	-	-
Gomistri Services Private Limited	Payables	-	#
Khatushyam Engineers Private Limited ⁽²⁾	Payables	(0.01)	(0.01)
Maxin Hydro Dynamic India Private Limited ⁽²⁾	Payables	-	-
Milestone Market Research and Event Management Private Limited ⁽²⁾	Payables	-	-
S E Security Services Private Limited ⁽²⁾	Payables	-	-
Swarna Homes Private Limited	Payables	0.04	-
Vanshika Tours and Travels Private Limited	Payables	(0.04)	(0.03)
Alliance Invest and Finance Private Limited	Unclaimed Dividend	#	#
BOI Finance Limited	Unclaimed Dividend	#	#
Chinmaya Estates Private Limited	Unclaimed Dividend	#	#
Empyrean Consultant Private Limited	Unclaimed Dividend	#	#
Fairgrowth Financial Services Limited	Unclaimed Dividend	#	#
Fairgrowth Investments Limited	Unclaimed Dividend	#	#
Fairtrade Securities Limited	Unclaimed Dividend	#	#
Kinnari Investments Private Limited	Unclaimed Dividend	0.01	0.01

Notes to the Standalone Financial Statements (Contd.)

NOTE 42: RELATIONSHIP WITH STRUCK OFF COMPANIES (CONTD.)

(₹ in Crores)			
Name of Struck off Company	Nature of transactions with struck-off Company	As at 31.03.2023	As at 31.03.2022
Mulraj Holdings & Finance Private Limited	Unclaimed Dividend	#	#
Optimist Finvest and Trading Private Limited	Unclaimed Dividend	#	#
Palkhi Investment and Trading Company Private Limited	Unclaimed Dividend	#	#
Pax Holdings Private Limited	Unclaimed Dividend	#	#
Safna Consultancy Private Limited	Unclaimed Dividend	#	#
Salil Archana Invests Private Limited	Unclaimed Dividend	#	#
Siddha Papers Private Limited	Unclaimed Dividend	#	#
Smita Commercial Investment Limited	Unclaimed Dividend	#	#
Sunhari Trading and Commerce Private Limited	Unclaimed Dividend	#	#
Unicon Fincap Private Limited	Unclaimed Dividend	#	#

Represents values less than ₹ 50,000/-

⁽¹⁾ The Company has made provision for doubtful debts for the balances.

⁽²⁾ There were no new transactions with these companies during the year.

Below struck off companies are shareholders holding equity shares of the Company as on balance sheet date

Name of Struck off Company	Nature of transactions with struck-off Company
Shanti Credit And Holdings Pvt Ltd	Shares held by struck off Company
Safna Consultancy Pvt Ltd	Shares held by struck off Company
Siddha Papers Pvt Ltd	Shares held by struck off Company
Fairtrade Securities Ltd	Shares held by struck off Company
Unicon Fincap Private Ltd	Shares held by struck off Company
Fairgrowth Investments Ltd	Shares held by struck off Company
Fairgrowth Financial Services Ltd	Shares held by struck off Company
Empyrean Consultant Pvt Ltd	Shares held by struck off Company
Aloke Speciality Machines And Components Pvt Ltd	Shares held by struck off Company

None of the above mentioned struck off companies is a related party of the Company.

NOTE 43 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013

- (i) The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- (iii) The Company has complied with the requirement with respect to number of layers as prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

(iv) Utilisation of borrowed funds and share premium

- I The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall :

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- II The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- (v) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- (vi) The Company has not traded or invested in crypto currency or virtual currency during the year.
- (vii) The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

NOTE 44 :

A competitor of the Company had filed a complaint with the Competition Commission of India (CCI) alleging the Company to be hindering its entry in the decorative paints market by virtue of unfair use of the Company’s position of dominance in the market. The CCI had passed a *prima facie* Order dated 14th January, 2020 directing the Director General (“DG”) to conduct an investigation against the Company under the provisions of the Competition Act, 2002. The DG submitted a detailed report to the CCI. Based on the findings of the DG’s report and after hearing both the parties, the CCI passed a favourable order on 8th September, 2022 dismissing the allegations relating to abuse of dominance and anti-competitive agreements made by the competitor. The competitor has now filed an appeal against CCI’s order before the National Company Law Appellate Tribunal. The said appeal is pending for hearing.

NOTE 45 :

The Financial Statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on 11th May, 2023.

Independent Auditor’s Report

To the Members of Asian Paints Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of Asian Paints Limited (herein after referred to as “the Parent”) and its subsidiaries, (the Parent and its subsidiaries together referred to as “the Group”) which includes the Group’s share of profit in its associates, which comprise the Consolidated Balance Sheet as at 31st March, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associates referred to in the Other Matters section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and

their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How was the matter addressed in our audit
Revenue recognition – the Parent (Refer note 1.3 (f) and 23A of the Consolidated Financial Statements)	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition, included testing controls, automated and manual, around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, testing of cut-offs and performing analytical review procedures.
Impairment of goodwill in Consolidated Financial Statements (Refer note 1.3 (e) and Note 4A of the Consolidated Financial Statements)	
The Consolidated Financial Statements reflect goodwill on acquisition / consolidation of ₹ 228.48 crore. Goodwill is tested annually for impairment.	Our audit procedures to the extent the goodwill is recognised in the Standalone Financial Statements of the Parent included as follows,
The Parent and the relevant subsidiaries have estimated the recoverable amount of the Cash Generating Unit (CGU) to which the goodwill is allocable based on Value in Use (ViU) or fair value less costs to sell (for certain subsidiaries)	We tested the design, implementation and operating effectiveness of controls over Goodwill impairment review, including those over forecast of future cash flows and the selection of the discount rate and long term growth rate.

Key Audit Matter	How was the matter addressed in our audit
The determination of recoverable amount of goodwill based on value in use or fair value less costs to sell (for certain subsidiaries), involves significant estimates and judgment in determining the assumptions such as Revenue growth, operating margins, and in determining the valuation assumptions relating to discount rates and long-term growth rate applied to estimated future cash flows. Further, determination of fair value less costs to sell involves management judgment in identification of comparable companies engaged in similar business.	We evaluated management’s ability to accurately forecast future cashflows by comparing actual results to management’s historical forecasts. We evaluated the reasonableness of future forecast by comparing the forecast to historical financial performance, internal communication to management and Board of Directors. With the assistance of fair value specialists, we evaluated the reasonableness of discount rate and long-term growth rate.
These assumptions are sensitive to reasonable possible changes including economic uncertainties and therefore considered as a key audit matter.	We also assessed the sensitivity of the recoverable amount to the changes in the key assumptions used.
The key assumptions applied in the impairment reviews are described in note 4A of the Consolidated Financial Statements.	To the extent, goodwill relates to the subsidiaries, component auditor has tested the Value in Use calculations / fair value less costs to sell computation for compliance with generally accepted methodologies, evaluated reasonableness of management’s estimates of key assumptions (discount rates, growth rates and operating margins) based on historical performance, their knowledge of the CGUs’ operations and environment and general economic forecasts, and performed sensitivity analyses to assess the impact of reasonably possible changes in estimates on the recoverable amount of the CGUs. We reviewed the work performed by the component auditors and sought information and explanations from the component auditors, as considered, necessary.

Information Other than the Financial Statements and Auditor’s Report Thereon

- The Parent’s Board of Directors is responsible for the other information. The other information comprises the Board’s Report and Business Responsibility report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor’s report thereon.
- Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to

the subsidiaries and associates is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Consolidated Financial Statements

The Parent’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of

Independent Auditor’s Report (Contd.)

appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor’s Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of

the audit of the financial statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / consolidated financial information of 20 subsidiaries, whose financial

statements / consolidated financial information reflect total assets of ₹ 3,002.30 crore as at 31st March, 2023, total revenues of ₹ 3,120.76 crore and net cash inflows amounting to ₹ 52.91 crore for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group’s share of net profit of ₹ 88.19 crore for the year ended 31st March, 2023, as considered in the Consolidated Financial Statements, in respect of 3 associates, whose financial statements / consolidated financial statements have not been audited by us. These financial statements / consolidated financial statements / consolidated financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the financial statements/ consolidated financial information of the subsidiaries and associates referred to in the Other Matters paragraph above we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss

Independent Auditor’s Report (Contd.)

including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.		opinion and to the best of our information and according to the explanations given to us:		statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been received by the Parent or any of such subsidiaries and associates from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.		The interim dividend declared and paid by the Parent during the year and until the date of this report is in accordance with Section 123 of the Companies Act 2013.			
d)	In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.	i)	The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.	(c)	Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a) and (b) above, contain any material misstatement.	2.	With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the Consolidated Financial Statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the Consolidated Financial Statements.		
e)	On the basis of the written representations received from the directors of the Parent as on 31 st March, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India is disqualified as on 31 st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.	ii)	The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.						
f)	With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements of those companies.	iii)	There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.						
g)	With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,	iv)	(a) The respective Managements of the Parent and its subsidiaries and associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries and associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.						
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of Section 197 of the Act.		(b) The respective Managements of the Parent and its subsidiaries and associates which are companies incorporated in India, whose financial		The final dividend proposed in the previous year, declared and paid by the Parent and its associate which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with Section 123 of the Act, as applicable.		For Deloitte Haskins & Sells LLP Chartered Accountants Firm's Registration No.: 117366W/W-100018 Rupen K. Bhatt Partner Membership No. 046930 UDIN: 23046930BGXRKE2857			
h)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our								

Annexure “A” to The Independent Auditor’s Report

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated Financial Statements of the Group as of and for the year ended 31st March, 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Asian Paints Limited (“the Company” or “the Parent”) and its subsidiary companies and its associates companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associates companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls, with reference to Consolidated Financial Statements of the Parent, its subsidiary companies and its associates companies, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to

Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Consolidated Financial Statement of the Parent, its subsidiary companies, its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Company’s internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and

that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associates companies, which are companies incorporated in India, have, in

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all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31st March, 2023, based on the criteria for internal financial control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to 1 subsidiary company and 2 associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration No.: 117366W/W-100018

Rupen K. Bhatt
Partner
Place: Mumbai
Date: May 11, 2023

Membership No. 046930
UDIN: 23046930BGXRKE2857

Consolidated Balance Sheet
as at 31st March, 2023

(₹ in Crores)			
Particulars	Notes	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2A	4,145.65	4,184.46
Right-of-Use Assets	2B	1,208.92	905.75
Capital work-in-progress	3	1,019.59	426.43
Goodwill	4A	228.48	242.86
Other Intangible Assets	4B	187.41	185.99
Investments in Associates	5	781.73	515.47
Financial Assets			
Investments	5	782.98	551.36
Trade Receivables	6	2.17	2.40
Other Financial Assets	7	363.18	486.05
Deferred Tax Assets (Net)	9C	18.67	26.02
Income Tax Assets (Net)	10	189.52	172.46
Other Non-Current Assets	11	334.54	132.87
		9,262.84	7,832.12
Current Assets			
Inventories	12	6,210.64	6,152.98
Financial Assets			
Investments	5	2,697.00	2,180.70
Trade Receivables	6	4,636.94	3,871.44
Cash and Cash Equivalents	8A	523.10	621.72
Other Balances with Banks	8B	320.72	242.61
Other Financial Assets	7	1,592.78	1,533.50
Other Current Assets	11	553.98	541.25
Assets classified as Held for Sale	13	-	8.13
		16,535.16	15,152.33
Total Assets		25,798.00	22,984.45
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	95.92	95.92
Other Equity	15	15,896.31	13,715.64
Equity attributable to owners of the Company		15,992.23	13,811.56
Non-Controlling Interests	15	453.66	387.53
		16,445.89	14,199.09
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	16	76.15	44.54
Lease Liabilities	17	728.94	598.37
Other Financial Liabilities	18	46.38	2.18
Provisions	20	230.70	218.32
Deferred Tax Liabilities (Net)	9C	334.84	348.85
Other Non-Current Liabilities	21	39.17	2.11
		1,456.18	1,214.37

Consolidated Balance Sheet (Contd.)
as at 31st March, 2023

(₹ in Crores)			
Particulars	Notes	As at 31.03.2023	As at 31.03.2022
Current Liabilities			
Financial Liabilities			
Borrowings	16	896.06	731.12
Lease Liabilities	17	231.47	212.85
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	19	143.88	83.58
Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	19	3,491.56	4,080.72
Other Financial Liabilities	18	2,436.02	1,886.81
Other Current Liabilities	21	459.04	376.09
Provisions	20	74.21	69.70
Income Tax Liabilities (Net)	22	163.69	130.12
		7,895.93	7,570.99
		25,798.00	22,984.45
Total Equity and Liabilities			
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-45		

As per our report of even date attached	For and on behalf of the Board of Directors of Asian Paints Limited CIN : L24220MH1945PLC004598	
For Deloitte Haskins & Sells LLP Chartered Accountants F.R.N : 117366W/W-100018	Deepak Satwalekar Chairman DIN : 00009627	Amit Syngle Managing Director & CEO DIN : 07232566
Rupen K. Bhatt Partner Membership No : 046930	Milind Sarwate Chairman of Audit Committee DIN : 00109854	R J Jeyamurugan CFO & Company Secretary
Mumbai 11 th May, 2023	Mumbai 11 th May, 2023	

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Consolidated Statement of Profit and Loss
for the year ended 31st March, 2023

(₹ in Crores)			
Particulars	Notes	Year 2022-23	Year 2021-22
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	23A	34,253.35	28,830.02
Revenue from Sale of Services	23A	114.48	93.46
Other Operating Revenue	23A	120.76	177.80
Other Income	24	386.48	380.01
Total Income (I)		34,875.07	29,481.29
EXPENSES			
Cost of Materials Consumed	25A	17,330.58	16,254.59
Purchases of Stock-in-Trade	25B	4,135.65	3,371.13
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25C	(309.73)	(1,324.97)
Employee Benefits Expense	26	2,028.07	1,786.67
Other Expenses	27	5,044.18	4,210.25
Total Expenses (II)		28,228.75	24,297.67
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		6,646.32	5,183.62
Finance Costs	28	144.45	95.41
Depreciation and Amortisation Expense	29	858.02	816.36
PROFIT BEFORE SHARE OF PROFIT IN ASSOCIATES AND EXCEPTIONAL ITEMS		5,643.85	4,271.85
Share of profit in Associates	38	93.85	31.57
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		5,737.70	4,303.42
Exceptional Items	41	48.87	115.70
PROFIT BEFORE TAX		5,688.83	4,187.72
Tax Expense	9		
Current Tax		1,504.14	1,161.53
Short tax provision for earlier years		6.64	2.82
Deferred Tax		(17.28)	(61.44)
Total tax expense		1,493.50	1,102.91
PROFIT AFTER TAX		4,195.33	3,084.81
OTHER COMPREHENSIVE INCOME (OCI)			
A. Items that will not be reclassified to Profit or Loss			
(i) (a) Remeasurement of the defined benefit plans	34	(10.21)	4.59
(b) Income tax benefit/(expense) on remeasurement of defined benefit plans		2.62	(0.96)
(ii) (a) Net fair value gain/(loss) on investments in equity instruments through OCI		90.19	(82.31)
(b) Income tax (expense)/benefit on net fair value gain on investments in equity instruments through OCI		(10.58)	9.59
(iii) Share of OCI in Associates		(0.77)	(0.05)
B. Items that will be reclassified to Profit or Loss			
(i) (a) Net fair value (loss) on investment in debt instruments through OCI		(5.43)	(3.26)
(b) Income tax benefit on net fair value gain on investment in debt instruments through OCI		0.63	0.39
(ii) Exchange difference arising on translation of foreign operations		(53.41)	(153.65)
Total Other Comprehensive Income (A+B)		13.04	(225.66)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,208.37	2,859.15

Consolidated Statement of Profit and Loss (Contd.)
for the year ended 31st March, 2023

(₹ in Crores)			
Particulars	Notes	Year 2022-23	Year 2021-22
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
- Owners of the Company		4,106.45	3,030.57
- Non-controlling interest		88.88	54.24
		4,195.33	3,084.81
OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO :			
- Owners of the Company		24.51	(212.31)
- Non-controlling interest		(11.47)	(13.35)
		13.04	(225.66)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO :			
- Owners of the Company		4,130.96	2,818.26
- Non-controlling interest		77.41	40.89
		4,208.37	2,859.15
Earnings per equity share (Face value of ₹ 1 each)	32		
Basic (in ₹)		42.83	31.59
Diluted (in ₹)		42.82	31.59
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-45		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930

Mumbai
11th May, 2023

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN : L24220MH1945PLC004598

Deepak Satwalekar
Chairman
DIN : 00009627

Milind Sarwate
Chairman of Audit Committee
DIN : 00109854

Mumbai
11th May, 2023

Amit Syngle
Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

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A) EQUITY SHARE CAPITAL

Particulars	As at	
	31.03.2023	As at 31.03.2022
Balance at the beginning of the reporting year	95.92	95.92
Changes in Equity Share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	95.92	95.92
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	95.92	95.92

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31st March, 2023

Particulars	Attributable to owners of the Company															Non-controlling Interests	Total
	Reserves and Surplus																
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserve	General Reserve	Retained earnings	Remeasurement of the defined benefit plans	Other Reserves	Share of other reserves in Associate	Share based Payment Reserve	Treasury Shares	Trust Reserve	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI		
Additions during the year :																	
	Profit for the year																
	Items of OCI for the year, net of tax																
	Exchange differences on translating the financial statements of a foreign operation																
	Remeasurement of the defined benefit plans																
	Net fair value gain on investment in equity instruments through OCI																
	Net fair value (loss) on investment in debt instruments through OCI																
	Share of OCI in Associates																
	Total Comprehensive Income for the year (E)																
	Reductions during the year:																
Dividends (Refer note 14)																	
Effect of stake acquired from non controlling interest																	
Acquisition of subsidiary																	
Equity/other changes in Associate																	
Gross obligation towards further acquisition in subsidiary																	
Transfer to Statutory Reserves and General Reserve																	
Share based payment expense																	
Net Income of ESOP Trust for the year																	
Purchase of Treasury shares by ESOP trust during the year																	
Total (F)																	
Balance as at 31 st March, 2023 (D+E+F)																	
Significant accounting policies and key accounting estimates and judgements (Refer note 1)																	
See accompanying notes to the Consolidated Financial Statements (Refer note 2-45)																	

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930

Mumbai
11th May, 2023

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN: L24220MH1945PLC004598

Deepak Satwalekar
Chairman
DIN : 00009627

Milind Sarwate
Chairman of Audit Committee
DIN : 00109854

Mumbai
11th May, 2023

Amit Syngle
Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

(₹ in Crores)		
Particulars	Year 2022-23	Year 2021-22
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,688.83	4,187.72
Adjustments for :		
Depreciation and amortisation expense	858.02	816.36
(Gain) on disposal of property, plant and equipment and other intangible assets (net)	(11.72)	(44.36)
Net gain on modification/ termination of leases	(2.96)	(4.27)
Finance costs	144.45	95.41
Allowances for doubtful debts and advances	63.91	57.56
Bad debts written off	3.44	2.15
Interest income	(120.80)	(92.72)
Dividend income	(13.48)	(15.16)
Share of profit in Associates	(93.85)	(31.57)
Impairment loss on Goodwill in Causeway Lanka	24.66	13.47
Net gain arising on financial assets measured at fair value through Profit or Loss (FVTPL)	(120.61)	(76.09)
Fair valuation loss on earnout, derivatives and gross obligation towards acquisition	28.85	-
Share based payment expense (net)	13.38	10.94
(Reversal)/ Provision for expected credit loss on government grants	(27.58)	53.73
Deferred income arising from government grant	(1.54)	(1.76)
Net unrealised foreign exchange loss	21.94	57.60
Effect of exchange rates on translation of operating cashflows	4.88	(71.61)
Operating Profit before working capital changes	6,459.82	4,957.40
Adjustments for :		
(Increase) in trade receivables	(833.94)	(1,326.48)
Decrease/ (Increase) in financial assets	156.75	(130.62)
(Increase) in inventories	(55.98)	(2,354.38)
(Increase) in other assets	(26.71)	(21.21)
(Decrease)/ Increase in trade payables	(538.97)	644.02
Increase in other financial liabilities	441.10	237.19
Increase in other liabilities and provisions	85.64	156.26
Cash generated from Operating activities	5,687.71	2,162.18
Income Tax paid (net of refund)	(1,494.28)	(1,175.69)
Net Cash generated from Operating activities	4,193.43	986.49
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and other intangible assets	(1,273.37)	(538.24)
Sale of property, plant and equipment (including advances)	25.92	39.58
Payment for acquiring right-of-use assets	(172.24)	(12.46)
Purchase of non-current investments	(146.07)	-
Sale of non-current investments	376.61	146.46
Sale of current investments (net)	69.43	61.03
Net investment in term deposits (having original maturity more than three months)	(118.71)	(110.21)
Investment in Associate	(179.62)	-
Interest received	87.15	76.99
Dividend received from Associate	42.78	-
Dividend received from others	13.48	15.16
Net Cash used in Investing activities	(1,274.64)	(321.69)

Consolidated Cash Flow Statement (Contd.)

for the year ended 31st March, 2023

(₹ in Crores)		
Particulars	Year 2022-23	Year 2021-22
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	94.00	39.87
Repayment of non-current borrowings	(15.55)	(7.89)
Proceeds from current borrowings (net)	159.76	292.68
Acceptances (net)	(8.97)	85.35
Repayment of principal portion of lease liabilities	(255.72)	(221.40)
Transactions with Non Controlling Interest	-	(64.91)
Finance costs (including interest on lease liabilities) paid	(141.95)	(93.56)
Purchase of treasury shares by ESOP Trust (net)	(35.57)	(74.95)
Dividend paid (including dividend paid to non-controlling shareholders)	(1,936.05)	(1,762.80)
Net Cash used in Financing activities	(2,140.05)	(1,807.61)
(D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	778.74	(1,142.81)
Add : Cash and cash equivalents as at 1 st April	2,283.29	3,421.16
Net effect of exchange (loss)/ gain on cash and cash equivalents	(7.70)	4.94
Cash and cash equivalents as at 31st March	3,054.33	2,283.29

Notes :

- (a)
- The above Consolidated Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

(₹ in Crores)		
Particulars	As at 31.03.2023	As at 31.03.2022
(b) Cash and Cash Equivalents comprise of :		
Cash on hand	0.38	0.49
Balances with Banks :		
- Current Accounts	341.98	486.63
- Cash Credit Accounts	81.78	23.52
- Deposits with original maturity of less than 3 months	58.38	62.71
Cheques, drafts on hand	40.58	48.37
Cash and cash equivalents	523.10	621.72
Add : Investments in Fixed Maturity Plans (with original maturity of less than 3 months)	111.57	-
Add : Investment in Liquid mutual Funds	2,535.46	1,804.55
Less : Loan repayable on demand - Cash Credit / Overdraft Accounts	(115.80)	(142.98)
Cash and cash equivalents in Cash Flow Statement	3,054.33	2,283.29
Significant accounting policies and key accounting estimates and judgements (Refer note 1)		
See accompanying notes to the Consolidated Financial Statements (Refer note 2-45)		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N : 117366W/W-100018

Rupen K. Bhatt
Partner
Membership No : 046930

Mumbai
11th May, 2023

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN: L24220MH1945PLC004598

Deepak Satwalekar
Chairman
DIN : 00009627

Milind Sarwate
Chairman of Audit Committee
DIN : 00109854

Mumbai
11th May, 2023

Amit Syngle
Managing Director & CEO
DIN : 07232566

R J Jeyamurugan
CFO & Company Secretary

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2023

GROUP’S BACKGROUND

The Consolidated Financial Statements comprise financial statements of Asian Paints Limited (‘the Parent’ or ‘the Company’) and its subsidiaries (collectively, ‘the Group’) and includes share of profit of the Associates for the year ended 31st March, 2023.

The Parent is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Parent is located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Group is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home décor, bath fittings, modular kitchen & accessories and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant Accounting Policies :

1.1. Basis of preparation of Consolidated Financial Statements

These financial statements are the Consolidated Financial Statements of the Group prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Consolidated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these Consolidated Financial Statements.

The Consolidated Financial Statements are presented in Indian Rupees (which is also the functional currency of the Group) and is rounded off to the nearest crores except otherwise indicated. Amounts less than ₹ 50,000 have been presented as “#”.

1.2. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions :

- i. the asset/liability is expected to be realised/ settled in the Group’s normal operating cycle;

- ii. the asset is intended for sale or consumption;
- iii. the asset/liability is held primarily for the purpose of trading;
- iv. the asset/liability is expected to be realised/ settled within twelve months after the reporting period;
- v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- vi. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

1.3. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. Contingent consideration (earn out) is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the Consolidated Statement of Profit and Loss. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognised in accordance with the requirements of Ind AS 12,

Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

b) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortisation but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group’s cash generating units (CGUs) that are

expected to benefit from the combination. A CGU is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognises an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

c) Property, plant and equipment

Measurement at recognition :

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has

Notes to the Consolidated Financial Statements (Contd.)

useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant heads of property, plant and equipment if the recognition criteria are met.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Consolidated Statement of Profit and Loss as and when incurred.

The Group had elected to consider the carrying value of all its property, plant and equipment appearing in the Consolidated Financial Statements prepared in accordance with Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance Sheet prepared on 1st April, 2015.

Capital work in progress and Capital advances :
Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work

in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation :

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Consolidated Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life. Depreciation on tinting systems leased to dealers, is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation.

The estimated useful life of items of property, plant and equipment is mentioned below :

	Years
Factory Buildings	30 to 60
Buildings (other than factory buildings)	30 to 61
Plant and Equipment	4 to 21
Scientific research equipment	8
Furniture and Fixtures	5 to 10
Office Equipment and Vehicles	4 to 8
Tinting system	9

Freehold land is not depreciated. Leasehold improvements are amortised over the period of lease.

The Group, based on technical assessment made by technical expert and management estimate, depreciates property, plant and equipment (other than building and factory building) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition :

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Consolidated Statement of Profit and Loss when the item is derecognised.

d) **Intangible assets**

Measurement at recognition :

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognised in the Consolidated Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

The Group had elected to consider the carrying value of all its intangible assets appearing in the Consolidated Financial Statements prepared in accordance with Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance Sheet prepared on 1st April, 2015.

Amortisation :

Intangible Assets with finite lives are amortised on a Straight Line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

The estimated useful life of intangible assets is mentioned below :

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5
Others include acquired dealers’ network	20

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition :

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

e) **Impairment**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in Associates are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset

Notes to the Consolidated Financial Statements (Contd.)

is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Consolidated Statement of Profit and Loss and included in depreciation and amortisation expenses. Impairment losses, on assets other than goodwill, are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

f) Revenue

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products :

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance

obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services :

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Group uses output method for measurement of revenue from décor services/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Group.

Advance from customers is recognised under other liabilities and released to revenue on satisfaction of performance obligation.

g) Government grants and subsidies

Recognition and Measurement :

The parent is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognised as income when there is a reasonable assurance that the parent will comply with all necessary conditions attached to them. Income from subsidies is recognised on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognised.

The parent has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognised as income when there is a reasonable assurance that the parent will comply with all necessary conditions attached to the loans. Income from such benefit is recognised on a systematic basis over the period in which the related costs that are intended to be compensated by such grants are recognised.

Presentation :

Income from the above grants and subsidies are presented under Revenue from Operations.

h) Inventory

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realisable value is made on an item-by item basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

The Group considers factors like estimated shelf life, product discontinuances and ageing of inventory in determining the provision for slow moving, obsolete and other non-saleable inventory and adjusts the inventory provisions to reflect the recoverable value of inventory.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement :

The Group recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement :

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria :

- i. The Group's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories :

Notes to the Consolidated Financial Statements (Contd.)

- i. Financial assets measured at amortised cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortised cost :

A financial asset is measured at the amortised cost if both the following conditions are met :

- a) The Group’s business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group (refer note 30 for further details). Such financial assets are subsequently measured at amortised cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest income over the relevant period of the financial asset. The same is included under other income in the Consolidated Statement of Profit and Loss.

The amortised cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI :

A financial asset is measured at FVTOCI if both of the following conditions are met :

- a) The Group’s business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (refer note 30 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Other Comprehensive Income (OCI). However, the Group recognises interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (refer note 30 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognised under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognised in OCI. However, the Group recognises dividend income from such instruments in the Consolidated Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

On derecognition of such financial assets, cumulative gain or loss previously recognised in OCI is not reclassified from equity to

Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL :

A financial asset is measured at FVTPL unless it is measured at amortised cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in Associates (refer note 30 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognised in the Consolidated Statement of Profit and Loss.

Derecognition :

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised (i.e. removed from the Group’s Balance Sheet) when any of the following occurs :

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a ‘pass-through’ arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Group neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognise such financial asset to the extent of its continuing involvement

in the financial asset. In that case, the Group also recognises an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the Consolidated Statement of Profit and Loss.

Impairment of financial assets :
The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following :

- i. Trade receivables and lease receivables
- ii. Financial assets measured at amortised cost (other than trade receivables and lease receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in

Notes to the Consolidated Financial Statements (Contd.)

accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss.

Financial Liabilities

Initial recognition and measurement :

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined

through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement :

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method (refer note 30 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Consolidated Statement of Profit and Loss.

Derecognition :

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial assets and financial liabilities :

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Derivative financial instruments

The Group enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortised cost.

The Group formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognised financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Group's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

Recognition and measurement of fair value hedge :

Hedging instrument is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognised in the Consolidated Statement of Profit and Loss. Hedging instrument is recognised as a financial asset in the Balance Sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognised financial liability) is initially recognised at fair value on the date of entering into contractual obligation and is subsequently measured at amortised cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged

item as per the effective interest method and the corresponding effect is recognised in the Consolidated Statement of Profit and Loss.

The Group also enters into forward and option contracts to purchase an additional stake in equity capital in some of its investments in subsidiary and Associate companies. Such derivatives are recognised in its Balance Sheet when the Group becomes party to contractual provisions of the instrument. These derivatives are initially recognised at fair value when the contract is entered. Derivative contracts are remeasured at fair value at the end of each reporting period and changes are recognised in Consolidated Statement of Profit and Loss.

Derecognition :

On Derecognition of the hedged item, the unamortised fair value of the hedging instrument is recognised in the Consolidated Statement of Profit and Loss.

k) Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy that categorises into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Notes to the Consolidated Financial Statements (Contd.)

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognised in the Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period and discloses the same.

l) Foreign Currency Translation

Initial Recognition :

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Consolidated Statement of Profit and Loss.

Measurement of foreign currency items at reporting date :

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Consolidated Statement of Profit and Loss.

Translation of financial statements of foreign entities

On consolidation, the assets and liabilities of foreign operations are translated into ₹ (Indian Rupees) at the exchange rate prevailing at the reporting date and their statements of profit

and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Consolidated Statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after adoption of Ind AS 103, Business Combination, and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of adoption of Ind AS 103, Business Combination, are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

m) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax :

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected

to be recovered from or paid to the taxation authorities.

Deferred tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognised. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary Company, as per their applicable laws and then aggregated.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent that it is probable that the respective Group Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent that it is no longer probable that the respective Group Company will pay normal income tax during the specified period.

Uncertain tax positions :

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group reflects the effect of uncertainty for each uncertain tax treatment by using one of two methods, the expected value method (the sum of the probability - weighted amounts in a range of possible outcomes) or the most likely amount (single most likely amount method in a range of possible outcomes), depending on which is expected to better predict the resolution of the uncertainty. The Group applies consistent judgements and estimates if an uncertain tax treatment affects both the current and the deferred tax.

Presentation of current and deferred tax :

Current and deferred tax are recognised as income or an expense in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to

income taxes levied by the same tax authority on the Group.

n) Provisions and Contingencies

The Group recognises provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

o) Measurement of EBITDA

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

p) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Consolidated Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Group’s cash management.

q) Employee Benefits

Short Term Employee Benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Group recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits :

I. Defined contribution plans :

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group’s contributions to defined contribution plans are recognised in the Consolidated Statement of Profit and Loss in the financial year to which they relate. The Parent Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Parent Company operates a Superannuation scheme for eligible employees. A few Indian Subsidiaries also operate Defined Contribution Plans pertaining to Provident Fund Scheme.

Recognition and measurement of defined contribution plans :

The Group recognises contribution payable to a defined contribution plan as an expense in the Consolidated Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the

contributions already paid, the deficit payable is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans :

i) Provident fund scheme :

The Parent Company operates a provident fund scheme by paying contribution into separate entities’ funds administrated by the Parent Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. These entities have an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme :

The Parent Company, its Indian subsidiaries and some of its foreign subsidiaries operate a gratuity scheme for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity obligations.

iii) Pension and Leaving Indemnity Scheme :

The Parent Company and some of its foreign subsidiaries operate a pension and leaving indemnity plan for certain specified employees and is payable upon the employee satisfying certain conditions as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan :

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

Recognition and measurement of defined benefit plans :

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognised in the Consolidated Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognised in the Consolidated Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognised in Other Comprehensive Income. Such remeasurements are not reclassified to the Consolidated Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/ (asset) as current and non-current in the Consolidated Balance Sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits :

Entitlements to deferred incentives, annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Group determines the liability for such benefits using the Projected Accrued

Notes to the Consolidated Financial Statements (Contd.)

Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognised in the Consolidated Statement of Profit and loss (including actuarial gain and loss).

r) Employee Share based Payments :

The Parent Company operates equity settled share-based plan for the employees (Referred to as employee stock option plan (ESOP)). ESOP granted to the employees are measured at fair value of the stock options at the grant date using Black-Scholes model. Such fair value of the equity settled share based payments are amortised on a straight line basis over the vesting period, based on the Parent Company’s estimate of equity shares that will eventually vest, with a corresponding increase in equity (employee stock option reserve). At the end of each reporting period, the Parent Company revises its estimate of number of equity shares expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss such that cumulative expense reflects the revision estimate, with a corresponding adjustments to the employee stock option reserve.

The Parent Company recovers the expenses incurred on behalf of its subsidiary for the stock options granted to the employees of the subsidiaries. The said recovery is netted off from the Employee benefits expense.

s) Treasury shares :

The Parent Company has created an ESOP Trust (Asian Paints Employees Stock Ownership Trust) which acts as a vehicle to execute its ESOP plan. The ESOP trust is considered as an extension of the Parent Company and the shares held by it is treated by Treasury shares. The ESOP Trust purchases Parent Company’s share from secondary market for issuance to the employees on exercise the granted stock options. These shares are recognised at cost and is disclosed as separately as deduction from Other Equity as treasury shares. No gain or loss is recognised in the Consolidated Statement of Profit and Loss on purchase, sale, issuance, or cancellation of treasury shares. Any consideration paid or received is directly recognised in treasury shares in Other Equity.

t) Lease accounting

Assets taken on lease :

The Group mainly has various lease arrangements for land and building for its offices, warehouse spaces and retail stores. In addition it has vehicle and other lease agreements.

The Group assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset (“ROU”) and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date,

discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. Generally, the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payments which the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the Consolidated Statement of Profit and Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets :

The Group has elected not to recognise ROU assets and lease liabilities for short term leases as well as low value assets and recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets given on lease :

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Consolidated Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

u) Research and Development

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

v) Borrowing Cost

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

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

w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

Notes to the Consolidated Financial Statements (Contd.)

x) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated Financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

y) Non-current Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

z) Investment in Associate Companies

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its Associate is accounted for using the equity method. Under the equity method, the investment in an Associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate since the acquisition date. Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the Associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the Associate, the Group recognises its share of any changes, when applicable, in the Consolidated Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the Associate are eliminated to the extent of the interest in the Associate.

If Group's share of losses of an Associate exceeds its interest in that Associate (which includes any long term interest that, in substance, form part of the Group's net investment in the Associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the Associate. If the Associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the Associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its Associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value, and then recognises the loss as 'Share of profit of an Associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the Associate, the Group measures and recognises any retained investment at its fair value. Any

difference between the carrying amount of the Associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

aa) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company ('the Company') and its subsidiaries. Control is achieved when the Company has :

- Power over the investee,
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including :

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Company's voting rights and potential voting rights,
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure :

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires

Notes to the Consolidated Financial Statements (Contd.)

recognition in the Consolidated Financial Statements. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

bb) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit attributable to the equity shareholders of the Company with the weighted average number of equity shares outstanding during the financial year, adjusted for treasury shares.

Diluted Earnings per share is calculated by dividing net profit attributable to the equity shareholders of the Company with the weighted average number of shares outstanding during the financial year, adjusted for the effects of all dilutive potential equity shares.

cc) Exceptional items :

An ordinary item of income or expense which by its size, nature, occurrence or incidence requires a disclosure in order to improve understanding of the performance of the Group is treated as an exceptional item in the Consolidated Statement of Profit and Loss.

dd) Recent accounting pronouncements :

Standards issued but not yet effective :

In March 2023, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below :

- a. Ind AS 1 – Presentation of Financial Statements – the amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the Consolidated Financial Statements is expected to be insignificant basis the preliminary evaluation.
- b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – the amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the Consolidated Financial Statements basis the preliminary evaluation.
- c. Ind AS 12 – Income taxes – the definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the Consolidated Financial Statements basis the preliminary evaluation.

The above amendments are effective from annual periods beginning on or after April 1, 2023.

1.4. Key accounting estimates and judgements

The preparation of the Group’s Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below :

a. Income taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also Refer note 9.

b. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group’s assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d. Impairment of Goodwill and Other Intangible Assets with Indefinite Life

Goodwill and other intangible assets with indefinite life are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined

based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or Groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management’s best estimate about future developments.

e. Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Consolidated Statement of Profit and Loss in accordance with Ind AS 19 ‘Employee benefits’ over the period during which benefit is derived from the employees’ services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 34, ‘Employee benefits’.

f. Share based payment transactions

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on expected exercise behaviour), expected dividends, and the risk free interest rate (based on government bonds). The details of variables used are given in note 34(3).

g. Fair value measurement of financial instruments

When the fair values of financials assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted

Notes to the Consolidated Financial Statements (Contd.)

prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

h. Right-of-use assets and lease liability

The Group has exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the ROU asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

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NOTE 2A : PROPERTY, PLANT AND EQUIPMENT

	Gross carrying value						Depreciation/Amortisation						Net Carrying Value	
	As at 01.04.2022	Translation Difference	Acquisition of Subsidiaries ^Δ	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2023	As at 01.04.2022	Translation Difference	Acquisition of Subsidiaries ^Δ	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2023	As at 31.03.2023	
Land [^]	445.31	0.67	-	1.04	-	447.02	-	-	-	-	-	-	447.02	
Buildings	1,617.10	(11.78)	-	154.33	3.31	1,756.34	321.56	(0.74)	-	66.03	0.80	386.05	1,370.29	
Plant and Equipment*	4,531.23	(8.54)	0.66	322.10	20.20	4,825.25	2,255.76	(2.67)	-	445.60	17.91	2,680.78	2,144.47	
Scientific Research :														
Buildings	71.39	-	-	-	-	71.39	15.06	-	-	2.74	-	17.80	53.59	
Equipment*	73.51	-	-	2.53	(0.09)	76.13	47.79	-	-	6.84	(0.02)	54.65	21.48	
Leasehold Improvements	0.31	-	-	-	-	0.31	0.08	-	-	0.03	-	0.11	0.20	
Furniture and Fixtures	112.86	(0.11)	0.14	34.80	1.89	145.80	66.53	(0.07)	-	14.18	1.75	78.89	66.91	
Vehicles	23.82	(0.07)	0.06	0.97	1.42	23.36	18.81	(0.16)	-	1.55	0.67	19.53	3.83	
Office Equipment	108.17	(0.48)	0.06	17.69	2.57	122.87	74.76	(0.40)	-	14.24	2.54	86.06	36.81	
Leasehold improvements	9.68	-	-	0.32	-	10.00	9.54	-	-	0.08	-	9.62	0.38	
Assets Given on Operating Lease :														
Tinting systems	3.48	(0.10)	-	-	0.07	3.31	2.51	(0.04)	-	0.21	0.04	2.64	0.67	
Total	6,996.86	(20.41)	0.92	533.78	29.37	7,481.78	2,812.40	(4.08)	-	551.50	23.69	3,336.13	4,145.65	

	Gross carrying value						Depreciation/Amortisation						Net Carrying Value	
	As at 01.04.2021	Translation Difference	Acquisition of Subsidiaries ^Δ	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Translation Difference	Acquisition of Subsidiaries ^Δ	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	
Land [^]	434.45	1.75	-	9.16	0.05	445.31	-	-	-	-	-	-	445.31	
Buildings	1,610.66	(6.37)	-	14.40	1.59	1,617.10	261.28	(1.97)	-	63.45	1.20	321.56	1,295.54	
Plant and Equipment	4,339.84	(10.45)	-	212.45	10.61	4,531.23	1,824.36	(4.67)	-	444.04	7.97	2,255.76	2,275.47	
Scientific Research :														
Buildings	71.39	-	-	-	-	71.39	12.32	-	-	2.74	-	15.06	56.33	
Equipment	71.82	-	-	2.02	0.33	73.51	40.70	-	-	7.42	0.33	47.79	25.72	
Leasehold Improvements	0.27	-	-	0.04	-	0.31	0.05	-	-	0.03	-	0.08	0.23	
Furniture and Fixtures	99.31	(0.55)	-	17.36	3.26	112.86	57.94	(0.52)	-	11.62	2.51	66.53	46.33	
Vehicles	29.75	(4.55)	-	0.27	1.65	23.82	21.16	(3.75)	-	2.16	0.76	18.81	5.01	
Office Equipment	99.92	(0.98)	-	13.51	4.28	108.17	65.76	(0.58)	-	13.75	4.17	74.76	33.41	
Leasehold improvements	9.84	0.01	-	0.10	0.27	9.68	9.14	(0.01)	-	0.68	0.27	9.54	0.14	
Assets Given on Operating Lease :														
Tinting systems	5.10	(1.62)	-	0.03	0.03	3.48	3.29	(1.17)	-	0.40	0.01	2.51	0.97	
Total	6,772.35	(22.76)	-	269.34	22.07	6,996.86	2,296.00	(12.67)	-	546.29	17.22	2,812.40	4,184.46	

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 33 (b).

[^] Includes leasehold land of ₹ 4.56 crores in a subsidiary which is not being amortised as the subsidiary has an option to convert it into freehold on payment of a nominal amount.

* "Plant and Equipment" amounting to ₹ 0.38 crores has been reclassified under "Scientific Research - Equipment" subsequent to transfer of Assets from Plant to R&D facility.

* Refer note 43 (c).

Notes to the Consolidated Financial Statements (Contd.)

NOTE 2B : RIGHT-OF-USE ASSETS

Movement in net carrying amount	Year 2022-23					Year 2021-22			Total	
	Leasehold Land	Buildings	Plant and Equipment	Office Equipment	Vehicles	Leasehold Land	Buildings	Office Equipment		Vehicles
Balance as at 1 st April	199.18	697.98	-	0.04	8.55	209.44	627.87	0.05	8.19	845.55
Additions	159.45	450.44	0.14	-	3.55	-	339.83	-	6.34	346.17
Depreciation	5.47	266.75	0.01	0.01	5.19	4.34	231.28	0.01	5.61	241.24
Deletions	-	30.12	-	-	0.19	3.40	38.42	-	0.31	42.13
Translation difference	(1.47)	(1.49)	-	-	0.29	(2.52)	(0.02)	-	(0.06)	(2.60)
Balance as at 31 st March	351.69	850.06	0.13	0.03	7.01	199.18	697.98	0.04	8.55	905.75

(₹ in Crores)

For additions and movement in lease liabilities, refer note 17.

NOTE 3 : CAPITAL WORK-IN-PROGRESS (CWIP)
CWIP ageing schedule

CWIP	Amount in CWIP for a period of				As at 31.03.2023
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	889.37	123.91	2.34	3.97	1,019.59
Projects temporarily suspended	-	-	-	-	-
CWIP	Amount in CWIP for a period of				As at 31.03.2022
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	358.15	56.19	9.11	2.98	426.43
Projects temporarily suspended	-	-	-	-	-

CWIP assets where completion is overdue and/or cost has exceeded its original plan

CWIP	To be completed in				As at 31.03.2023
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Wada Plant - Bath Fitting	22.29	-	-	-	22.29
Wada Plant - Kitchen (Sleek)	23.05	-	-	-	23.05
Kasna Plant Expansion	80.65	-	-	-	80.65
CWIP	To be completed in				As at 31.03.2022
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Expansion in Bangladesh	178.02	-	-	-	178.02

NOTE 4 : INTANGIBLE ASSETS

	Gross carrying value						Impairment						Net carrying value
	As at 01.04.2021	Translation Difference	Acquisition of Subsidiaries ^a	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2023	As at 01.04.2021	Translation Difference	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2023	As at 31.03.2023	
4A. GOODWILL (Refer note 2 below)													
Goodwill on Consolidation	261.65	0.25	-	11.09	-	272.99	-	-	-	-	-	181.20	
Goodwill acquired separately	47.28	-	-	-	-	47.28	-	-	-	-	-	47.28	
Total (4A)	308.93	0.25	-	11.09	-	320.27	-	-	-	-	-	228.48	
4B. OTHER INTANGIBLE ASSETS (acquired separately)													
Brand (Refer note 1 below)	95.33	(0.30)	-	-	-	95.03	-	-	-	-	-	95.03	
Trademark	6.39	-	-	-	-	6.39	2.04	-	1.10	-	-	3.25	
Computer Software	232.89	(0.61)	1.76	19.05	35.52	273.57	189.30	(0.50)	23.58	35.12	-	40.31	
Others	57.90	(1.10)	11.22	-	-	68.02	15.18	(0.04)	4.39	-	-	48.49	
Scientific Research :													
Computer Software	0.17	-	-	0.34	-	0.51	0.17	-	0.02	0.01	-	0.33	
Total (4B)	392.68	(2.01)	12.98	19.39	35.52	387.52	206.69	(0.54)	29.09	35.13	-	187.41	
Total (4A+4B)	701.61	(1.76)	12.98	30.48	35.52	707.79	206.69	(0.54)	29.09	35.13	-	415.89	

	Gross carrying value						Amortisation						Net carrying value
	As at 01.04.2021	Translation Difference	Acquisition of Subsidiaries ^a	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Translation Difference	Acquisition of Subsidiaries	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022
4A. GOODWILL (Refer note 2 below)													
Goodwill on Consolidation	307.80	(46.15)	-	-	-	261.65	-	-	-	-	-	-	195.58
Goodwill acquired separately	47.28	-	-	-	-	47.28	-	-	-	-	-	-	47.28
Total (4A)	355.08	(46.15)	-	-	-	308.93	-	-	-	-	-	-	242.86
4B. OTHER INTANGIBLE ASSETS (acquired separately)													
Brand (Refer note 1 below)	120.03	(24.70)	-	-	-	95.33	-	-	-	-	-	-	95.33
Trademark	1.39	-	-	5.00	-	6.39	0.96	(0.01)	-	1.09	-	-	4.35
Computer Software	213.85	(0.58)	-	19.82	0.20	232.89	166.07	(0.34)	-	23.76	0.19	-	43.59
Others	83.24	(25.34)	-	-	-	57.90	17.49	(6.28)	-	3.97	-	-	42.72
Scientific Research :													
Computer Software	0.16	0.01	-	-	-	0.17	0.16	-	-	0.01	-	-	-
Total (4B)	418.67	(50.61)	-	24.82	0.20	392.68	184.68	(6.63)	-	28.83	0.19	-	185.99
Total (4A+4B)	773.75	(96.76)	-	24.82	0.20	701.61	184.68	(6.63)	-	28.83	0.19	-	428.85

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 33 (b).

* Refer note 43 (c)

1 : 'Brand' include Brands acquired pursuant to acquisition of subsidiaries. These have indefinite useful life as the registration of these brands can be renewed indefinitely and management assessed that they will continue to generate future cash flows for the Group indefinitely. Accordingly, the same is not amortised.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 4 : INTANGIBLE ASSETS (CONTD.)

2. **Goodwill :**
Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows :

	As at 31.03.2023	As at 31.03.2022
(₹ in Crores)		
Goodwill on Consolidation		
Berger Paints Emirates LLC	3.12	2.82
Kadisco Paint and Adhesive Industry Share Company	29.35	28.59
Asian Paints (Vanuatu) Limited	1.05	0.97
Asian Paints (South Pacific) Pte Limited	2.14	1.97
SCIB Chemicals, S.A.E.	13.76	12.67
Causeway Paints Lanka (Pvt) Ltd (Refer note 41)	44.86	72.73
Asian Paints International Private Limited	75.83	75.83
Weatherseal Fenestration Private Limited	11.09	-
Goodwill acquired separately		
Asian Paints Limited (Bath Fittings Business)	35.36	35.36
Sleek International Private Limited	11.92	11.92
Total	228.48	242.86

The Group made an assessment of recoverable amounts of the CGUs based on value in use calculations or fair value less costs to sell (for certain subsidiaries) which require the use of certain assumptions. The value in use calculations use cashflow projections based on the financial budgets approved by the management covering a five year period (Previous year - five year), as the Group believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows. Fair value less costs to sell is computed by comparing the price at which comparable companies engaged in similar business are traded at the capital market.

KEY ASSUMPTIONS USED FOR VALUE IN USE / FAIR VALUE LESS COSTS TO SELL CALCULATIONS :

	As at 31.03.2023	As at 31.03.2022
Period considered for cash flow projections by management under value in use method	5 years	5 years
Projected revenue growth rate	8% to 70%	0% to 56%
Terminal growth rate	2% to 14%	2% to 10%
Discount rate	12% to 40%	8% to 29%
Enterprise Value (EV)/ Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) multiple (in case of Causeway Paints Lanka (Pvt) Ltd)	5.9x	-

The Group has recognised an impairment loss of ₹ 24.66 crores during the current year (Previous year - ₹ 13.47 crores) in respect of Goodwill on consolidation recognised on acquisition of Causeway Paints Lanka (Pvt) Ltd. The recoverable amount of the CGU is ₹ 243.58 crores (Previous year - ₹ 262.27 crores) determined based on an estimate of fair value less costs to sell derived using Comparable Company Method (CCM) which considers EV/ EBITDA multiple of comparable company. The same has been disclosed as an exceptional item in Note 41.

The crisis in Sri Lanka is still ongoing and has impacted the overall economic condition in the country. Management is of the view that considering the economic condition of Sri Lanka's economy, the use of CCM is more objective as well as reduces subjectivity and hence is more appropriate than value in use. The fair value measurement is categorised as a level 2 fair value based on the inputs in the valuation techniques used.

NOTE 4 : INTANGIBLE ASSETS (CONTD.)

2. **Goodwill (Contd.) :**
As at 31st March 2023, changes to the key assumption will lead to additional impairment as follows :

	Current assumption	Change in assumption	Additional impairment (₹ in Crores)
EV/ EBITDA multiple	5.9x	0.2x decrease	8.65

For other CGUs, management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Discount rates- Management estimates discount rates using pre-tax rates that reflect current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on demand condition. The weighted average growth rates used are consistent with industry reports.

EV/ EBITDA multiples - EV is market capitalisation of comparable company adjusted for net debt position. Normalised EBITDA of trailing twelve months has been used for the purpose of computing Fair Value of asset. Costs to sell are estimated as per industry standards.

NOTE 5 : INVESTMENTS

	Nos.	Face value (₹)	(₹ in Crores)			
			Non-Current		Current	
			As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
A. Investments in Equity Instruments						
(a) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	462.55	383.75	-	-
Housing Development Finance Corporation Limited	4,65,000	2	122.09	111.15	-	-
Apcotex Industries Limited	34,180	2	1.68	1.23	-	-
Total Quoted equity shares			586.32	496.13	-	-
(b) Unquoted equity shares						
(i) Associate Companies (accounted as per equity method, Refer note 38)						
PPG Asian Paints Private Limited	2,85,18,112	10	560.15	515.47	-	-
Obgenix Software Private Limited (Refer note 43(d))	1,96,490	10	221.58	-	-	-
			781.73	515.47	-	-
(ii) Other equity shares measured at FVTPL			1.92	1.07	-	-
Total Unquoted equity shares (i+ii)			783.65	516.54	-	-
Total investments in Equity Instruments (a+b)		A	1,369.97	1,012.67	-	-
B. Investments in Unquoted Government securities measured at amortised cost		B	#	#	-	-
# [₹ 39,500/- (As at 31 st March, 2022 - ₹ 39,500)]						

Notes to the Consolidated Financial Statements (Contd.)

NOTE 5 : INVESTMENTS (CONTD.)

(₹ in Crores)						
	Nos.	Face value (₹)	Non-Current		Current	
			As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
C. Investments in Debentures or Bonds						
a) Investments in Debentures or Bonds measured at FVTOCI						
(i) Unquoted Debentures or Bonds			1.49	1.02	49.32	-
(ii) Quoted Debentures or Bonds			192.42	52.47	-	25.31
b) Investments in Unquoted Debentures or Bonds measured at amortised cost			0.83	0.67	0.65	0.36
Total Investments in Debentures or Bonds		C	194.74	54.16	49.97	25.67
D. Investments in Quoted Mutual Funds measured at FVTPL						
a) Investments in Fixed Maturity Plans (with original maturity of more than 3 months)			-	-	-	350.48
b) Investments in Fixed Maturity Plans (with original maturity of less than 3 months)			-	-	111.57	-
c) Investments in Liquid Mutual Funds			-	-	2,535.46	1,804.55
Total Investments in Mutual Funds - Quoted		D	-	-	2,647.03	2,155.03
Total Investments (A+B+C+D)			1,564.71	1,066.83	2,697.00	2,180.70
Total Investments in Associate Companies			781.73	515.47	-	-
Total Investments in Other entities			782.98	551.36	2,697.00	2,180.70
Aggregate amount of quoted investments - At cost			233.55	89.74	2,557.91	2,056.26
Aggregate amount of quoted investments - At market value			778.74	548.60	2,647.03	2,180.34
Aggregate amount of unquoted investments			785.97	518.23	49.97	0.36

NOTE 6 : TRADE RECEIVABLES

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Trade receivables				
(a) Secured, considered good	-	-	0.13	0.13
(b) Unsecured, considered good*	2.17	2.40	4,636.81	3,871.31
(c) Unsecured, considered doubtful	-	-	305.13	238.95
	2.17	2.40	4,942.07	4,110.39
Less : Allowance for unsecured doubtful debts (Refer note 30(C)2)	-	-	(305.13)	(238.95)
Total	2.17	2.40	4,636.94	3,871.44

*Trade Receivables includes dues from Associate Companies (Refer note 35)

Trade Receivables ageing schedule

								(₹ in Crores)
	Unbilled	Not Due	Outstanding for following periods from due date of payment					As at 31.03.2023
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables								
(a) Undisputed, considered good	5.77	3,756.42	802.72	71.05	0.70	0.84	1.61	4,639.11
(b) Undisputed, considered doubtful	-	0.29	9.83	30.59	78.70	22.50	76.39	218.30
(c) Disputed, considered good	-	-	-	-	-	-	-	-
(d) Disputed, considered doubtful	-	0.24	0.63	2.17	19.84	16.10	47.85	86.83
	5.77	3,756.95	813.18	103.81	99.24	39.44	125.85	4,944.24
Less : Allowance for unsecured doubtful debts								305.13
Total								4,639.11

NOTE 6 : TRADE RECEIVABLES (CONTD.)

Trade Receivables ageing schedule (Contd.)

								(₹ in Crores)
	Unbilled	Not Due	Outstanding for following periods from due date of payment					As at 31.03.2022
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables								
(a) Undisputed, considered good	0.26	3,407.68	408.52	53.78	1.51	0.66	1.43	3,873.84
(b) Undisputed, considered doubtful	-	0.99	5.27	20.18	36.51	24.37	63.95	151.27
(c) Disputed, considered good	-	-	-	-	-	-	-	-
(d) Disputed, considered doubtful	-	0.97	10.29	9.95	20.20	14.76	31.51	87.68
	0.26	3,409.64	424.08	83.91	58.22	39.79	96.89	4,112.79
Less : Allowance for unsecured doubtful debts								238.95
Total								3,873.84

NOTE 7 : OTHER FINANCIAL ASSETS *

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Unsecured & considered good				
Security Deposits	49.47	60.57	34.55	14.66
Royalty receivable	-	-	0.53	0.72
Due from Associate Companies (Refer note 35)	-	-	3.73	0.68
Subsidy receivable from Governments (net)^	300.56	365.71	124.83	220.07
Term deposits held as margin money against bank guarantee and other commitments	5.52	5.29	7.61	5.43
Term deposits with more than 12 months of original maturity^^	5.40	53.00	1,139.65	1,030.45
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	6.31	2.72
Quantity discount receivable	-	-	262.62	239.98
Foreign currency forward exchange contract (net)	-	-	0.07	-
Retention monies receivable from Customers	2.23	1.48	0.80	0.01
Derivative asset towards further stake acquisition in Associate Company (Refer note 43(d))	-	-	2.27	-
Other receivables	-	-	9.81	18.78
Total	363.18	486.05	1,592.78	1,533.50

* Refer note 30(C) for information about credit risk of other financial assets.

^ Current and Non Current portion of subsidy receivable from governments is net of allowance for expected credit loss amounting to ₹ 7.05 crores (Previous year - ₹ 12.12 crores) and ₹ 19.10 crores (Previous year - ₹ 41.61 crores) respectively. The allowance is created to provide for time value of money (Refer note 30(C)(2) & 41).

^^ Fixed deposits in one of the subsidiary amounting to ₹ 5.40 crores (Previous year - ₹ 5.19 crores) have been pledged as per the terms of underlying guarantees given by the banks on behalf of a former subsidiary.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 8 : CASH AND BANK BALANCES

(₹ in Crores)		
	Current	
	As at 31.03.2023	As at 31.03.2022
(A) Cash and Cash Equivalents		
(i) Balances with Banks		
(a) Current Accounts	341.98	486.63
(b) Cash Credit Account *	81.78	23.52
(c) Deposits with original maturity of less than 3 months^	58.38	62.71
(ii) Cheques, drafts on hand	40.58	48.37
(iii) Cash on hand	0.38	0.49
Total	523.10	621.72
(B) Other Balances with Banks		
(i) Term deposits with original maturity of more than 3 months but less than 12 months^	280.14	203.92
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	32.50	29.63
(iii) Earmarked balances with banks	8.08	9.06
Total	320.72	242.61

* The borrowings carry an interest rate of 8.00% p.a. - 11.35% p.a. (Previous year - 7.05% p.a. - 8.00% p.a.).
Borrowings in certain of the subsidiaries is secured by hypothecation of building, plant and machinery, inventories, trade receivables, and other current assets.
During the year, all charges on borrowings secured by hypothecation of inventories, trade receivables and other current assets of Parent Company are satisfied and converted into unsecured borrowings. These were secured borrowings in last year. Quarterly statements of current assets filed by the Parent Company and Indian Subsidiaries with Bank towards these secured borrowings are in agreement with the books of accounts. The Parent Company and Indian Subsidiaries has not used borrowings for purpose other than specified purpose of the borrowing.
^Fixed deposits in one of the subsidiary amounting to ₹ 3.20 crores (Previous year - ₹ 6.49 crores) have been pledged as per the terms of underlying guarantees given by the banks on behalf of a former subsidiary.
* The Group can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

NOTE 9 : INCOME TAXES

A. THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEAR ARE AS UNDER :

(₹ in Crores)		
	Year 2022-23	Year 2021-22
(i) Income tax recognised in the Consolidated Statement of Profit and Loss		
Current tax expense :		
In respect of current year	1,504.14	1,161.53
In respect of short tax provision for earlier years	6.64	2.82
Deferred tax benefit :		
In respect of current year	(17.28)	(61.42)
In respect of short tax provision for earlier years	-	(0.02)
Income tax expense recognised in the Consolidated Statement of Profit and Loss	1,493.50	1,102.91
(ii) Income tax expense recognised in OCI		
Deferred tax :		
Income tax benefit/(expense) on remeasurements of the defined benefit plans	2.62	(0.96)
Income tax (expense)/benefit on net fair value gain on investments in equity instruments through OCI	(10.58)	9.59
Income tax benefit on net fair value gain on investments in debt instruments through OCI	0.63	0.39
Income tax (expense)/benefit recognised in OCI	(7.33)	9.02

NOTE 9 : INCOME TAXES (CONTD.)

B. RECONCILIATION OF TAX EXPENSE AND EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Group and the effective income tax rate of the Group and the resultant tax expense is as follows :

	Year 2022-23		Year 2021-22	
	₹ in Crores	In %	₹ in Crores	In %
Profit before Share of Profit in Associates (after exceptional items)	5,594.98		4,156.15	
Income tax expense calculated at corporate tax rate	1,408.14	25.17%	1,046.02	25.17%
Tax effect of :				
Non-deductible expenses	45.83	0.82%	31.11	0.75%
Incentive tax credits	(0.39)	(0.01%)	(0.38)	(0.01%)
Income taxed at special rates	(6.66)	(0.12%)	(10.95)	(0.26%)
Income exempted from tax	(17.23)	(0.31%)	(7.14)	(0.17%)
Different tax rates in the components	(3.42)	(0.06%)	7.07	0.17%
Deferred tax on undistributed profits (including effect of change in tax rate)	9.94	0.18%	9.34	0.22%
Others	50.65	0.90%	25.03	0.60%
Total	1,486.86	26.57%	1,100.09	26.47%
Short tax provision for earlier years	6.64	0.12%	2.82	0.07%
Tax expense as per Consolidated Statement of Profit and Loss	1,493.50	26.69%	1,102.91	26.54%

The tax rate used for reconciliation above is the corporate tax rate of 25.17% payable by corporate entities in India on taxable profits under Indian tax law.

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS :

(₹ in Crores)						
As at 31 st March, 2023	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2022	01.04.2022			31.03.2023	31.03.2023
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(301.23)	(12.61)	33.82	-	(273.18)	(6.06)
Provision for expense allowed for tax purpose on payment basis (Net)	34.61	3.27	0.83	0.08	35.50	3.29
Provision for Expected credit losses and fair valuation of subsidy receivable from governments	21.35	-	(3.26)	-	18.09	-
Remeasurement of the defined benefit plans through OCI	8.72	3.29	(1.03)	2.54	12.46	0.97
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.51)	-	-	0.63	0.12	-

Notes to the Consolidated Financial Statements (Contd.)

NOTE 9 : INCOME TAXES (CONTD.)

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS (CONTD.):

As at 31 st March, 2023 (Contd.)	(₹ in Crores)					
	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2022	01.04.2022			31.03.2023	31.03.2023
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	(4.00)	-	-	(10.58)	(14.58)	-
Difference in carrying value and tax base of investments measured at FVTPL	(21.10)	-	(0.83)	-	(21.93)	-
Capital losses carried forward under Income Tax	-	10.39	(7.91)	-	-	1.39
Undistributed profits of subsidiaries/associates	(116.29)	-	(10.09)	-	(126.56)	-
Difference in Right-of-use asset and lease liabilities	25.84	1.06	3.65	-	35.65	(0.75)
Others	3.74	20.63	2.12	-	(0.41)	19.83
Deferred tax benefit/(expense)			17.30	(7.33)		
Net Deferred tax assets/(liabilities) of earlier years	0.02	-	(0.02)	-	-	-
Currency translation gain and other adjustments	-	-	-	(3.31)	-	-
Net Deferred tax (liabilities)/assets	(348.85)	26.02	17.28		(334.84)	18.67

As at 31 st March, 2022	(₹ in Crores)					
	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2021	01.04.2021			31.03.2022	31.03.2022
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(345.63)	(8.71)	29.20	-	(301.23)	(12.61)
Provision for expense allowed for tax purpose on payment basis (Net)	35.82	3.03	(1.08)	0.11	34.61	3.27
Provision for Expected credit losses and fair valuation of subsidy receivable from governments	-	-	21.35	-	21.35	-
Remeasurement of the defined benefit plans through OCI	9.86	3.22	0.50	(1.06)	8.72	3.29

NOTE 9 : INCOME TAXES (CONTD.)

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS (CONTD.):

As at 31 st March, 2022 (Contd.)	(₹ in Crores)					
	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2021	01.04.2021			31.03.2022	31.03.2022
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.90)	-	-	0.39	(0.51)	-
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	(13.59)	-	-	9.59	(4.00)	-
Difference in carrying value and tax base of investments measured at FVTPL	(22.47)	-	1.37	-	(21.10)	-
Capital losses carried forward under Income Tax	-	-	11.78	-	-	10.39
Undistributed profits of subsidiaries/associates	(107.66)	-	(8.59)	-	(116.29)	-
Difference in Right-of-use asset and lease liabilities	25.12	0.75	0.95	-	25.84	1.06
Others	3.86	15.99	5.94	-	3.74	20.63
Deferred tax benefit			61.42	9.02		
Net Deferred tax assets/(liabilities) of earlier years	-	-	0.02	-	0.02	-
Currency translation gain and other adjustments	-	-	-	8.03	-	-
Net Deferred tax (liabilities)/assets	(415.59)	14.28			(348.85)	26.02

Notes to the Consolidated Financial Statements (Contd.)

NOTE 9 : INCOME TAXES (CONTD.)

D. The Group has the following unused tax losses which arose on incurrance of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.

As at 31 st March, 2023		(₹ in Crores)	
Financial Year	Category	31.03.2023	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2013-2014	Depreciation	15.64	NA
2014-2015	Depreciation	12.61	NA
2015-2016	Business loss	9.48	31 st March, 2024
2015-2016	Depreciation	11.30	NA
2015-2016	Depreciation	0.60	NA
2016-2017	Business loss	13.46	31 st March, 2025
2016-2017	Business loss	0.24	31 st March, 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.73	NA
2017-2018	Business loss	5.20	31 st March, 2026
2017-2018	Business loss	0.30	31 st March, 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.73	NA
2018-2019	Business loss	41.02	31 st March, 2024
2018-2019	Business loss	15.58	31 st March, 2027
2018-2019	Business loss	0.33	31 st March, 2027
2018-2019	Depreciation	7.23	NA
2018-2019	Depreciation	1.10	NA
2019-2020	Business loss	41.15	31 st March, 2025
2019-2020	Business loss	30.77	31 st March, 2028
2019-2020	Depreciation	6.44	NA
2019-2020	Depreciation	0.93	NA
2020-2021	Business loss	58.38	31 st March, 2026
2020-2021	Business loss	14.65	31 st March, 2029
2020-2021	Depreciation	5.57	NA
2021-2022	Business loss	70.71	31 st March, 2027
2021-2022	Business loss	6.87	31 st March, 2030
2021-2022	Depreciation	5.29	NA
2021-2022	Business loss/ Capital loss	0.42	31 st March, 2030
2022-2023	Business loss	56.82	31 st March, 2028
2022-2023	Business loss	37.59	31 st March, 2029
2022-2023	Business loss	18.58	31 st March, 2031
2022-2023	Business loss/ Capital loss	18.07	31 st March, 2031
2022-2023	Business loss	2.94	31 st March, 2031
2022-2023	Depreciation	5.45	NA

NOTE 9 : INCOME TAXES (CONTD.)

As at 31 st March, 2022		(₹ in Crores)	
Financial Year	Category	31.03.2022	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2013-2014	Depreciation	15.64	NA
2014-2015	Business loss	10.48	31 st March, 2023
2014-2015	Depreciation	12.61	NA
2014-2015	Depreciation	0.46	NA
2014-2015	Business loss	0.14	31 st March, 2023
2015-2016	Business loss	9.48	31 st March, 2024
2015-2016	Depreciation	11.30	NA
2015-2016	Depreciation	0.75	NA
2015-2016	Business loss	0.10	31 st March, 2024
2016-2017	Business loss	13.46	31 st March, 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.73	NA
2016-2017	Business loss	0.59	31 st March, 2025
2017-2018	Business loss	30.49	31 st March, 2023
2017-2018	Business loss	5.20	31 st March, 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.73	NA
2017-2018	Business loss	0.30	31 st March, 2026
2018-2019	Business loss	40.97	31 st March, 2024
2018-2019	Business loss	15.58	31 st March, 2027
2018-2019	Depreciation	7.23	NA
2018-2019	Depreciation	1.10	NA
2018-2019	Business loss	0.33	31 st March, 2027
2019-2020	Business loss	39.76	31 st March, 2025
2019-2020	Business loss	30.77	31 st March, 2028
2019-2020	Depreciation	6.44	NA
2019-2020	Depreciation	0.93	NA
2020-2021	Business loss	21.04	31 st March, 2029
2020-2021	Depreciation	5.57	NA
2020-2021	Business loss	36.45	31 st March, 2026
2021-2022	Business loss	4.29	31 st March, 2030
2021-2022	Depreciation	5.29	NA
2021-2022	Business loss	61.63	31 st March, 2027
2021-2022	Business loss/Capital loss	0.44	31 st March, 2030

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is ₹ 327.69 crores (Previous year - ₹ 245.04 crores). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 10 : INCOME TAX ASSETS (NET)

	(₹ in Crores)	
	Non-Current	
	As at 31.03.2023	As at 31.03.2022
Advance payment of Income Tax (net)	189.52	172.46
Total	189.52	172.46

NOTE 11 : OTHER ASSETS

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Capital advances	264.46	75.85	-	-
(b) Advances other than capital advances				
i) Advances/ claims recoverable in cash or in kind	63.27	50.34	329.23	214.24
ii) Balances with government authorities	5.41	5.77	197.81	307.36
iii) Advances to employees	1.02	0.68	8.42	7.19
iv) Duty credit entitlement	-	-	1.02	0.21
	69.70	56.79	536.48	529.00
(c) Other receivables	0.38	0.23	13.56	10.91
(d) Contract assets	-	-	3.94	1.34
Total	334.54	132.87	553.98	541.25

NOTE 12 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

	(₹ in Crores)	
	Current	
	As at 31.03.2023	As at 31.03.2022
(a) Raw materials	1,899.83	1,750.51
Raw materials-in-transit	268.36	652.63
	2,168.19	2,403.14
(b) Packing materials	93.20	108.74
(c) Work-in-progress	187.11	195.02
(d) Finished goods	2,677.08	2,497.21
Finished goods-in-transit	0.70	5.13
	2,677.78	2,502.34
(e) Stock-in-trade (acquired for trading)	891.46	739.20
Stock-in-trade (acquired for trading) in-transit	42.09	51.77
	933.55	790.97
(f) Stores, spares and consumables	141.60	152.77
Stores, spares and consumables-in-transit	9.21	-
	150.81	152.77
Total	6,210.64	6,152.98

The cost of inventories recognised as an expense during the year is disclosed in Note 25. It includes ₹ 108.25 crores net of reversals (Previous year - ₹ 48.83 crores) in respect of write down of inventory to net realisable value, slow moving, damaged and obsolete items.

NOTE 13 : ASSETS CLASSIFIED AS HELD FOR SALE

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Freehold Land	-	8.03
Building	-	0.10
Total	-	8.13

During the year, a subsidiary of the Group has sold its land and building and recorded loss of ₹ 0.09 crores.

NOTE 14 : EQUITY SHARE CAPITAL

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Authorised		
99,50,00,000 Equity Shares of face value of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of face value of ₹ 100 each	0.50	0.50
	100.00	100.00
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Shares of face value of ₹ 1 each fully paid	95.92	95.92
	95.92	95.92

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

Fully paid Equity Shares	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the reporting year	95,91,97,790	95.92	95,91,97,790	95.92
Changes in Equity Share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	95,91,97,790	95.92	95,91,97,790	95.92
Changes in Equity Share capital during the year	-	-	-	-
At the end of the reporting year	95,91,97,790	95.92	95,91,97,790	95.92

b) Terms/rights attached to equity shares

The Parent Company has only one class of shares referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

The Parent Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Dividend paid during the year		
Final dividend for the FY 2021-22 [₹ 15.50 (Previous year - ₹ 14.50) per equity share of face value of ₹ 1 each]	1,486.78	1,390.84
Interim dividend for the FY 2022-23 [₹ 4.40 (Previous year - ₹ 3.65) per equity share of face value of ₹ 1 each]	422.08	350.11
	1,908.86	1,740.95

Notes to the Consolidated Financial Statements (Contd.)

NOTE 14 : EQUITY SHARE CAPITAL (CONTD.)

b) Terms/rights attached to equity shares (Contd.)

Proposed dividend for FY 2022-23 is ₹ 21.25 per equity share of face value of ₹ 1 each amounting to ₹ 2,038.30 crores (Previous year - ₹ 15.50 per equity share of face value of ₹ 1 each), subject to approval at the ensuing Annual General Meeting of the Parent Company and hence is not recognised as a liability. If approved, the total dividend (interim and final dividend) for the financial year 2022-23 will be ₹ 25.65 (Rupees Twenty five and paise sixty five only) per equity share of face value of ₹ 1 each (₹ 19.15 per equity share of face value of ₹ 1 each was paid as total dividend for the previous year).

As per the Companies Act 2013, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts in the event of liquidation of the Parent Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of Shareholders holding more than 5% equity shares in the Company®

Name of the Shareholders	As at 31.03.2023		As at 31.03.2022	
	No. of Equity Shares	Percentage holding	No. of Equity Shares	Percentage holding
Fully paid Equity Shares of face value of ₹ 1 each held by :				
1. Smiti Holding and Trading Company Private Limited	5,53,39,068	5.77%	5,53,39,068	5.77%
2. Sattva Holding and Trading Private Limited	5,47,89,183	5.71%	5,47,89,183	5.71%

® As per the records of the Parent company, including its register of members.

d) Shares held by promoters as defined in the Companies Act, 2013 at the end of the year

Refer note 12 (d) of Standalone Financial Statements for disclosure on shares held by promoters of the Parent Company.

e) Reconciliation of Treasury shares outstanding at the beginning and at the end of the year

Treasury shares	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	2,23,240	75.00	-	-
Add : Purchased during the year	1,34,419	35.89	2,23,240	75.00
Less : Excercised/Sold during the year	-	-	-	-
At the end of the year	3,57,659	110.89	2,23,240	75.00

In accordance with Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”), the ESOP Trust (Asian Paints Employees Stock Ownership Trust) purchased equity shares of the Parent Company from secondary market. The shares purchased by the ESOP Trust are disclosed as Treasury Shares (Refer note 34(3)).

NOTE 15 : OTHER EQUITY

	Attributable to owners of the Company																			
	Reserves and Surplus							Items of Other Comprehensive Income (OCI)				Total attributable to owners of the Company	Non-controlling interests	Total						
	Capital Reserve on Consolidation	Capital Reserve	Redemption Reserve	Statutory Reserve	General Reserve	Retained earnings	Re-measurement of the defined benefit plans	Other Reserves	Share of other reserves in Associate	Share based Payment Reserve	Treasury Shares	Trust Reserve	Debt instruments through OCI	Foreign Currency Translation Reserve	Equity instruments through OCI	Share of OCI in associate				
Balance as at 1 st April, 2021 (A)	39.16	41.47	5.37	14.80	4,715.75	7,896.49	(22.47)	(17.71)	0.85	-	-	-	4.61	(188.95)	221.01	(0.01)	12,710.37	422.86	13,133.23	
Additions during the year :																				
Profit for the year	-	-	-	-	-	3,030.57	-	-	-	-	-	-	-	-	-	-	-	3,030.57	54.24	3,084.81
Items of OCI for the year, net of tax																				
Exchange differences on translating the financial statements of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(140.53)	-	-	(140.53)	(13.12)	(153.65)	
Re-measurement of the defined benefit plans	-	-	-	-	-	-	3.86	-	-	-	-	-	-	-	-	-	3.86	(0.23)	3.63	
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(72.72)	-	(72.72)	-	(72.72)	
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	-	-	-	-	(2.87)	-	-	-	(2.87)	-	(2.87)	
Share of OCI in associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.05)	(0.05)	-	(0.05)	
Total Comprehensive Income for the year (B)	-	-	-	-	-	3,030.57	3.86	-	-	-	-	-	(2.87)	(140.53)	(72.72)	(0.05)	2,818.26	40.89	2,859.15	
Reductions during the year :																				
Dividends (Refer note 14)	-	-	-	-	-	(1,740.95)	-	-	-	-	-	-	-	(1,740.95)	-	-	(1,740.95)	(21.85)	(1,762.80)	
Effect of stake acquired from non controlling interest	-	-	-	-	-	-	-	(10.54)	-	-	-	-	-	(10.54)	-	-	(10.54)	(54.37)	(64.91)	
Equity/other changes in associate	-	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	0.05	-	0.05	
Transfer to Statutory Reserves and General Reserve	-	-	-	0.16	-	(0.16)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share based payment expense	-	-	-	-	-	-	-	-	-	13.40	-	-	-	-	-	-	13.40	-	13.40	
Net Income of ESOP trust for the year	-	-	-	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05	-	0.05	
Purchase of Treasury shares by ESOP trust during the year	-	-	-	-	-	-	-	-	-	-	-	(75.00)	-	-	-	-	(75.00)	-	(75.00)	
Total (C)	-	-	-	0.16	-	(1,741.11)	-	(10.54)	0.05	13.40	(75.00)	0.05	-	-	-	-	(1,812.99)	(76.22)	(1,889.21)	
Balance as at 31 st March, 2022. (A+B+C)	39.16	41.47	5.37	14.96	4,715.75	9,185.95	(18.61)	(28.25)	0.90	13.40	(75.00)	0.05	1.74	(329.48)	148.29	(0.06)	13,715.64	387.53	14,103.17	

Notes to the Consolidated Financial Statements (Contd.)

NOTE 15 : OTHER EQUITY (CONTD.)

	Attributable to owners of the Company																	Non-controlling Interests	Total	
	Reserves and Surplus										Items of Other Comprehensive Income (OCI)						Total attributable to owners of the Company			
	Capital Reserve on Consolidation	Capital Reserve	Redemption Reserve	Capital Reserve	Statutory Reserve	General Reserve	Retained earnings	Remeasurement of the defined benefit plans	Other Reserves	Share of other reserves in Associate	Share based Payment Reserve	Treasury Shares Reserve	Trust Reserve	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI				Share of OCI in Associates
Balance as at 1 st April, 2022 (A)	391.6	41.47	5.37	14.96	4,715.75	9,185.95	(18.61)	(28.25)	0.90	13.40	(75.00)	0.05		1.74	(329.48)	148.29	(0.06)	13,715.64	387.53	14,103.17
Additions during the year :																				
Profit for the year	-	-	-	-	-	4,106.45	-	-	-	-	-	-	-	-	-	-	-	4,106.45	88.88	4,195.33
Items of OCI for the year, net of tax																				
Exchange differences on translating the financial statements of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42.22)	-	-	(42.22)	(11.19)	(53.41)
Remeasurement of the defined benefit plans	-	-	-	-	-	-	(7.31)	-	-	-	-	-	-	-	-	-	-	(7.31)	(0.28)	(7.59)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79.61	-	79.61	-	79.61
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.80)	-	-	-	(4.80)	-	(4.80)
Share of OCI in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.77)	(0.77)	-	(0.77)
Total Comprehensive Income for the year (B)	-	-	-	-	-	4,106.45	(7.31)	-	-	-	-	-	-	(4.80)	(42.22)	79.61	(0.77)	4,130.96	77.41	4,208.37
Reductions during the year :																				
Dividends (Refer note 14)	-	-	-	-	-	(1,908.86)	-	-	-	-	-	-	-	-	-	-	-	(1,908.86)	(23.65)	(1,932.51)
Effect of stake acquired from non-controlling interest	-	-	-	-	-	-	-	(3.13)	-	-	-	-	-	-	-	-	-	(3.13)	3.13	-
Acquisition of subsidiary (Refer note 43(c))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.24	9.24
Equity/other changes in Associate	-	-	-	-	-	-	-	-	0.12	-	-	-	-	-	-	-	-	0.12	-	0.12
Gross obligation towards further acquisition in subsidiary	-	-	-	-	-	(16.22)	-	-	-	-	-	-	-	-	-	-	-	(16.22)	-	(16.22)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.48	-	(0.48)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	-	-	-	-	-	-	13.37	-	-	-	-	-	-	-	13.37	-	13.37
Net Income of ESOP Trust for the year	-	-	-	-	-	-	-	-	-	-	-	0.32	-	-	-	-	-	0.32	-	0.32
Purchase of Treasury shares by ESOP trust during the year	-	-	-	-	-	-	-	-	-	-	(35.89)	-	-	-	-	-	-	(35.89)	-	(35.89)
Total (C)	-	-	-	0.48	-	(1,925.56)	-	(3.13)	0.12	13.37	(35.89)	0.32	-	-	-	-	-	(1,950.29)	(11.28)	(1,961.57)
Balance as at 31 st March, 2023 (A+B+C)	391.6	41.47	5.37	15.44	4,715.75	11,366.84	(25.92)	(31.38)	1.02	26.77	(110.89)	0.37		(3.06)	(371.70)	227.90	(0.83)	15,896.31	453.66	16,349.97

NOTE 15 : OTHER EQUITY (CONTD.)

1. Description of nature and purpose of each reserve

Capital Reserve on Consolidation - During the year 2012-13, a Composite Scheme of Restructuring ('Scheme') as approved by Hon'ble High Court of Bombay was effected to transfer certain businesses between the Parent Company, PPG Asian Paints Pvt. Ltd. and Asian Paints PPG Pvt. Ltd. The Capital Reserve on Consolidation represents the additional net assets received by the Parent company pursuant to the Scheme.

Capital Reserve -

- a. Capital reserve of ₹ 5,000/- was created on merger of ' Pentasia Chemicals Ltd ' with the Parent Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.
- b. Capital reserve of ₹ 41.47 crores represents ₹ 44.38 crores credited to capital reserve on amalgamation of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Parent Company, with the Parent Company as per the order passed by the National Company Law Tribunal and ₹ 2.91 crores debited on account of acquisition of business from Whitford India Private Limited by PPG Asian Paints Private Limited ('PPGAP'), Associate company.

Capital Redemption Reserve - This reserve was created for redemption of preference shares by the Group prior to 2003.

Statutory Reserves - Certain subsidiaries of the Group are required to set aside a minimum amount of specified percentage of profits annually before distribution of dividends, in accordance with the local regulations. No further transfer is required when the reserve reaches certain percentage of the issued capital of the subsidiary. The statutory reserve may only be distributed to shareholders upon liquidation of the subsidiary or in the circumstances stipulated in the regulations.

General Reserve - General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Remeasurement of defined benefit plans - This represents the cumulative gains and losses arising on the remeasurement of defined benefit plans in accordance with Ind AS 19 that have been recognised in other comprehensive income.

Other Reserves - Other reserve represents non-controlling interest reserve created on acquisition of additional stake of 49% from non-controlling shareholder of Sleek International Private Limited and increase in stake of 1.71% effected through buyback done by Asian Paints (Nepal) Private Limited.

Share of other reserves in Associate - This reserve is created during the year to recognise restricted stock units (RSUs) granted in PPG Asian Paints Private Limited ('PPGAP'), Associate company of the Group.

Share based Payment Reserve - This represents the fair value of the stock options granted by the Parent Company under the 2021 Plan accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Treasury shares -This represents cost incurred by the Parent Company to purchase its own equity shares from secondary market through the Parent Company's ESOP trust for issuing the shares to the eligible employees on exercise of stock options granted under the 2021 Plan.

Trust Reserve - This represents net income of ESOP Trust.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 15 : OTHER EQUITY (CONTD.)

Debt instruments through OCI -This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at FVTOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and for impairment losses on such instruments.

Foreign Currency Translation Reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Equity instruments through OCI - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

2. The Group doesn't have any material subsidiary warranting a disclosure in respect of individual subsidiaries.

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NOTE 16 : BORROWINGS^

(₹ in Crores)							
	Maturity Date	Terms of Repayment	Interest Rate Current Year / (Previous Year)	Non-Current		Current	
				As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Secured							
(i) Deferred payment liabilities							
- Loan from State of Haryana ¹	Jun-24 to Apr-27	One time payment at the end of the term	-	20.25	16.16	-	-
- Loan from State of Karnataka ²	Mar-34	One time payment at the end of the term	-	29.11	-	-	-
				49.36	16.16	-	-
(ii) Term Loans - From banks							
- Loan from Citibank N.A., Bangladesh ³	May-23	For a term of 120 days	3.90% - 3.95% / (NA)	-	-	62.10	-
- Loan from Hongkong and Shanghai Banking Corporation Limited (HSBC), Bangladesh ⁴	May-23	For a term of 180 days	8.00% / (6.50%)	-	-	11.50	4.38
- Loan from Dutch-Bangla Bank Limited, Bangladesh ⁵	Sep-23	For a term of 180 days	6.50% / (NA)	-	-	17.63	-
- Loan from Standard Chartered Bank, Bangladesh ³	Jul-27 to Aug-27	Equal Quarterly Instalments (Pending instalment - 12-20)	8.50% p.a. / (NA)	16.52	-	1.87	-
- Loan from Yes Bank, India ⁶	Apr-23	For a term of 30 days	REPO + 2.10% / (NA)	-	-	1.00	-
- Loan from Citibank N.A., Bangladesh ³	Jun-22	For a term of 90 days	NA / (4.00%)	-	-	-	45.59
- Loan from Dutch-Bangla Bank Limited, Bangladesh ⁵	Aug-22	For a term of 180 days	NA / (6.00%)	-	-	-	48.22
- Loan from Ahli Bank, Oman ⁸	Aug-22	For a term of 180 days	NA / (5.75%)	-	-	-	22.16
- Loan from Standard Chartered Bank, Bangladesh ³	Apr-22	For a term of 90 days	NA / (6.00%)	-	-	-	16.57
- Loan from Hatton National Bank PLC, Sri Lanka ⁷	Sep-22	Equal Monthly Instalments	NA / (4.00% p.a.)	-	-	-	0.13
				16.52	-	94.10	137.05
(iii) Loan repayable on demand - Cash Credit / Overdraft Accounts							
- Overdraft from Standard Chartered Bank, Bangladesh ³		Repayable on demand	7.00% / (7.00%)	-	-	4.62	0.60
- Overdraft from Dutch-Bangla Bank Limited, Bangladesh ⁵		Repayable on demand	6.50% / (6.00%)	-	-	16.44	5.83
- Overdraft from Citibank N.A., Bangladesh ³		Repayable on demand	NA / (4.50%)	-	-	-	41.35
- Overdraft from HSBC, Bangladesh ⁴		Repayable on demand	NA / (5.50%)	-	-	-	8.17

Notes to the Consolidated Financial Statements (Contd.)

NOTE 16 : BORROWINGS^ (CONTD.)

(₹ in Crores)							
	Maturity Date	Terms of Repayment	Interest Rate Current Year / (Previous Year)	Non-Current		Current	
				As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(iii) Loan repayable on demand - Cash Credit / Overdraft Accounts (Contd.)							
- Overdraft from HDFC Bank Limited, India ⁹		Repayable on demand	NA / (7.40%)	-	-	-	1.05
- Overdraft from Hatton National Bank PLC, Sri Lanka ⁷		Repayable on demand	NA / (AWPLR+ 0.25%)	-	-	-	0.01
				-	-	21.06	57.01
Unsecured							
(i) Deferred payment liabilities							
- Sales tax deferment scheme - State of Maharashtra	Apr-22	One time payment at the end of the term	-	-	-	-	0.04
				-	-	-	0.04
(ii) Term loans - from banks or financial institutions							
- Loan from Citibank N.A., Singapore	Apr-23 to Jun-23	For a term of 90 days to 365 days	SOFR + 0.60% or SORA + 0.50% / (LIBOR + 0.40% or SIBOR + 0.4%)	-	-	424.05	404.50
- Loan from HSBC, Singapore	May-23	For a term of 90 days	SORA + 0.40% / (NA)	-	-	169.85	-
- Loan from HSBC, India	Sep-24	Equal Quarterly Instalments (Pending instalments - 6)	SOFR + 1.60% / (LIBOR + 1.60%)	10.27	28.38	20.55	9.52
- Loan from Standard Chartered Bank, Singapore	May-23	For a term of 90 days	SORA + 0.50% / (NA)	-	-	33.35	-
- Loan from HSBC, UAE	Jul-23	For a term of 210 days	SOFR/ LIBOR + 1.90% / (NA)	-	-	25.45	-
- Trust receipt loan from BNP Paribas, UAE	Jul-23	For a term of 120 days	LIBOR/ EIBOR + 2.00% / (LIBOR/ EIBOR + 2.00%)	-	-	12.91	17.03
- Loan from Citibank N.A., India	Apr-22	For a term of 30 days	NA / (T-bill + 0.84%)	-	-	-	20.00
				10.27	28.38	686.16	451.05
(iii) Loan repayable on demand - Cash Credit / Overdraft Accounts							
- Overdraft from Bank of America, India		Repayable on demand	MCLR + 2% / (MCLR + 0.05%)	-	-	88.96	72.77
- Loan from Yes Bank, India		Repayable on demand	REPO + 2.60% / (NA)	-	-	5.78	-
- Overdraft from Qatar National Bank Alahli, Egypt		Repayable on demand	NA / (8.00%)	-	-	-	13.20
				-	-	94.74	85.97
Total				76.15	44.54	896.06	731.12

NOTE 16 : BORROWINGS^ (CONTD.)

Notes :

Interest free borrowings are recognised at fair value using prevailing market interest rate for equivalent borrowing. The difference between the gross proceeds and fair value of the borrowing is the benefit derived from the interest free borrowing and is treated as government grant and recognised as deferred income (Refer note 21).

¹ The Parent Company is eligible to avail interest free borrowing in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April 2010. As on 31st March, 2023, the Parent Company has received total interest free borrowing of ₹ 40.64 crores (Previous year - ₹ 37.02 crores) for the period from April 2010 to March 2016. The Parent Company has repaid borrowing of ₹ 17.20 crores (Previous year - ₹ 17.20 crores). This borrowing is repayable after a period of 5 years from the date of receipt of interest free borrowing.

For the year ended 31st March, 2016 and 31st March, 2017, the Parent Company is awaiting sanction from the Haryana Government.

² The Parent Company is eligible to avail interest free borrowing for a period of 11 years in respect of 100% of Net SGST (up to the value of investment made in Fixed Asset) paid on the sale of goods within the state of Karnataka and produced at Mysuru plant beginning from 28th September 2018. The borrowing is repayable after a period of 11 years from the date of receipt of borrowing.

During the year the Parent Company has received total interest free loan of ₹ 70.62 crores pertaining to the period September 2018 to March 2020.

The above interest free borrowings are secured by way of a bank guarantee issued by the Parent Company.

³ Secured by first priority *pari-passu* floating charge over trade receivables, inventories and property, plant and equipment of Asian Paints (Bangladesh) Limited

⁴ Secured by first priority *pari-passu* floating charge by way of hypothecation over trade receivables and inventories of Asian Paints (Bangladesh) Limited

⁵ Secured against all the fixed and floating assets of Asian Paints (Bangladesh) Limited

⁶ Secured against current assets of Weatherseal Fenestration Private Limited

⁷ Secured against property, plant and equipment of Causeway Paints Lanka (Pvt) Ltd

⁸ Secured against inventories of Asian Paints (Middle East) SPC

⁹ Secured against current assets, trade receivables and inventories of Asian Paints PPG Private Limited

[^] Default in terms of repayment of principal and interest - NIL

The aggregate maturities of long-term borrowings, based on contractual maturities are as follows :

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Borrowings	896.06	50.23	70.62	1,016.91	972.21
As at 31st March, 2022					
Borrowings	731.12	48.20	-	779.32	775.66

NOTE 17 : LEASE LIABILITIES

(₹ in Crores)				
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Lease liabilities	728.94	598.37	231.47	212.85
Total	728.94	598.37	231.47	212.85

The aggregate maturities of long term leases, based on contractual undiscounted cash flows are as follows :

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Lease Liabilities	293.91	681.66	205.87	1,181.44	960.41
As at 31st March, 2022					
Lease Liabilities	256.46	563.37	164.39	984.22	811.22

Notes to the Consolidated Financial Statements (Contd.)

NOTE 17 : LEASE LIABILITIES (CONTD.)

	(₹ in Crores)	
Movement in lease liabilities	Year 2022-23	Year 2021-22
Balance as at 1 st April	811.22	744.54
Additions	439.60	331.78
Deletions	31.69	43.26
Finance cost	64.99	56.73
Repayment (Including interest on lease liabilities)	320.71	278.13
Currency Translation	(3.00)	0.76
Balance as at 31 st March	960.41	811.22

Amounts with respect to leases recognised in the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Amounts recognised in Consolidated Statement of Profit and Loss		
Interest on lease liabilities (Refer note 28 (d))	64.99	56.73
Depreciation expense (Refer note 29)	277.43	241.24
Expenses relating to short-term leases and leases of low-value assets (Refer note 27)	43.56	33.62
Variable lease payments (Refer note 27)	144.38	162.87
Amounts recognised in Consolidated Cash Flow Statement		
In Financing activity		
Repayment of lease liabilities	255.72	221.40
Interest paid on lease liabilities	64.99	56.73
In Operating activity		
Variable lease payments	137.42	166.96

Note- For additions and movement in right-of-use assets Refer note 2B.

NOTE 18 : OTHER FINANCIAL LIABILITIES

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Unpaid/ Unclaimed dividend *	-	-	23.99	24.66
	-	-	23.99	24.66
(b) Others				
Retention monies	17.92	1.14	31.88	22.44
Trade deposits from customers	0.88	0.89	0.06	0.07
Payable towards capital expenditure	-	-	123.68	88.33
Payable towards services received	-	-	808.09	697.71
Payable towards stores, spares and consumables	-	-	42.06	17.38
Payable to employees	-	0.15	297.49	254.60
[including ₹ 10.19 crores due to Managing Director (as at 31 st March 2022 ₹ 6.66 crores)]				
Payable towards other expenses	-	-	1,049.80	780.65
[including ₹ 5.32 crores due to Non-Executive Directors (as at 31 st March 2022 ₹ 4.72 crores)]				
Foreign currency forward exchange contract (net)	-	-	-	0.97
Gross obligation towards Earnout (Refer note 43(d))	-	-	58.97	-
Derivative liability towards further stake acquisition in Associate company (Refer note 43(d))	6.12	-	-	-
Gross obligation towards further stake acquisition in subsidiary company (Refer note 43(c))	21.46	-	-	-
	46.38	2.18	2,412.03	1,862.15
Total	46.38	2.18	2,436.02	1,886.81

* As at 31st March, 2023, ₹ 23.99 crores (Previous year - ₹ 23.47 crores) is the amount of unclaimed dividend which remains unpaid by the Parent Company, and shall be transferred to Investor Education and Protection Fund ('IEPF') as and when they become due. There is no amount due and outstanding to be transferred to the IEPF by the Parent Company.

NOTE 19 : TRADE PAYABLES

	(₹ in Crores)	
	Current	
	As at 31.03.2023	As at 31.03.2022
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises (MSME)	143.88	83.58
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,491.56	4,080.72
Total	3,635.44	4,164.30

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Group continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 308.81 crores (Previous year - ₹ 317.78 crores).

Trade Payables ageing schedule

		(₹ in Crores)				
	Not Due	Outstanding for following periods from due date of payment				As at 31.03.2023
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables (including Acceptances)						
MSME	134.57	9.31	-	-	-	143.88
Other than MSME	3,394.24	96.89	0.11	0.04	0.28	3,491.56
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others than MSME	-	-	-	-	-	-
Total	3,528.81	106.20	0.11	0.04	0.28	3,635.44

		(₹ in Crores)				
	Not Due	Outstanding for following periods from due date of payment				As at 31.03.2022
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables (including Acceptances)						
MSME	77.37	6.21	-	-	-	83.58
Other than MSME	3,616.26	461.56	1.02	0.70	1.05	4,080.59
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others than MSME	-	-	0.13	-	-	0.13
Total	3,693.63	467.77	1.15	0.70	1.05	4,164.30

NOTE 20 : PROVISIONS

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Provision for Employee Benefits (Refer note 34)				
Provision for Compensated absences	193.67	184.92	32.80	30.20
Provision for Gratuity	1.50	1.95	10.24	4.75
Provision for Pension, Leaving Indemnity, Medical Plan and Others (unfunded)	32.94	30.25	5.79	4.29
Provision for Post retirement medical and other benefits	1.20	1.20	5.12	1.46
	229.31	218.32	53.95	40.70
(b) Others				
Provision for excise	-	-	1.29	1.50
Provision for Central Sales Tax(CST)/ VAT and Other Statutory Liabilities	1.39	-	17.74	26.83
Provision for Warranties	-	-	1.23	0.67
	1.39	-	20.26	29.00
Total	230.70	218.32	74.21	69.70

Notes to the Consolidated Financial Statements (Contd.)

NOTE 20 : PROVISIONS (CONTD.)

Movement in provisions	(₹ in Crores)					
	Provision for Excise*		Provision for CST/VAT and Other Statutory Liabilities^		Provision for Warranties ®	
	Year 2022-23	Year 2021-22	Year 2022-23	Year 2021-22	Year 2022-23	Year 2021-22
Balance as at 1 st April	1.50	2.24	26.83	28.93	0.67	0.54
Additions	-	-	2.46	2.41	0.83	0.52
Utilisations	-	-	(7.49)	(1.20)	(0.27)	(0.39)
Reversals	(0.21)	(0.74)	(2.67)	(3.26)	-	-
Currency Translation	-	-	#	(0.05)	-	-
Balance as at 31 st March	1.29	1.50	19.13	26.83	1.23	0.67

These provisions represent estimates made for probable claims arising out of litigations/disputes pending with authorities under various statutes (Excise duty, Sales tax, Goods & Services tax, etc.). The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Group is not able to reasonably ascertain the timing of the outflow.

* Excise provisions made towards matters disputed at various appellate levels.

^ Provision for CST/VAT and Other Statutory Liabilities includes

- Sales tax provisions made towards non receipt of C Forms and other matters disputed at various appellate level.
- GST provisions arising out of litigations/disputes at various appellate level.

® Provision for warranties represents management’s best estimate of the liability for warranties granted on kitchens & appliances by one of the subsidiary based on past experience of claims.

NOTE 21 : OTHER LIABILITIES

	(₹ in Crores)			
	Non-Current		Current	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(a) Revenue received in advance				
Advance received from customers	-	-	107.98	76.03
(b) Others				
Statutory dues payable	-	-	344.24	295.32
Deferred income arising from government grant (Refer note 16)	39.17	2.11	5.29	1.30
Others (Deferred revenue arising from sale of services, etc.)	-	-	0.94	0.57
Other advances	-	-	0.59	2.87
	39.17	2.11	351.06	300.06
Total	39.17	2.11	459.04	376.09

NOTE 22 : INCOME TAX LIABILITIES (NET)

	(₹ in Crores)	
	Current	
	As at 31.03.2023	As at 31.03.2022
Provision for Income Tax (net)	163.69	130.12
Total	163.69	130.12

NOTE 23A : REVENUE FROM OPERATIONS

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Revenue from sale of products	34,253.35	28,830.02
Revenue from sale of services	114.48	93.46
Other operating revenue*	120.76	177.80
Total	34,488.59	29,101.28

* The Parent Company’s manufacturing facilities at Maharashtra and Andhra Pradesh are eligible to receive incentive in form of refund of SGST, refund of stamp duty and refund of/ exemption from payment of electricity duty as per the Industrial Promotion Schemes of the respective State Governments and Memorandum of Understanding signed with the respective State Governments. During the year, ₹ 58.50 crores (Previous year - ₹ 119.41 crores) is accrued under the head ‘Other operating revenue’. Further it includes one time subsidy of ₹ 2.00 crores towards Effluent Treatment Plant in Karnataka from State Government as per industrial policy.

NOTE 23B : REVENUE FROM CONTRACTS WITH CUSTOMERS

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
A. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON NATURE OF PRODUCT OR SERVICES		
Revenue from Sale of Products		
Paints, décor and related products	34,253.35	28,830.02
Revenue from Sale of Services		
Painting, décor and related services	114.48	93.46
Other operating revenue		
Processing and service income	20.88	17.87
Scrap sales	31.59	38.86
Others	1.82	1.66
Other Income		
Royalty received (Refer note 24(c))		
- From Associate Companies (Refer note 35)	3.29	3.08
- From Others	0.32	-
Total	34,425.73	28,984.95
B. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON GEOGRAPHY		
Home Market	34,193.10	28,757.83
Exports	232.63	227.12
Total	34,425.73	28,984.95

NOTE 23C : RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Gross Revenue	41,023.66	34,262.08
Less : Discounts	6,597.93	5,277.13
Net Revenue recognised from Contracts with Customers	34,425.73	28,984.95

Notes to the Consolidated Financial Statements (Contd.)

NOTE 23C : RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)

The amounts receivable from customers become due after expiry of credit period which is maximum 240 days. There is no significant financing component in any transaction with the customers.

The Group provides agreed upon specification warranty for selected range of products & services. (Refer note 20)

The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a short duration and sale of service contracts are measured as per output method.

The Group has recognised revenue of ₹ 69.30 crores (Previous year - ₹ 33.47 crores) from the amounts included under advance received from customer at the beginning of the year.

NOTE 24 : OTHER INCOME

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
(a) Interest Income		
Investments in debt instruments measured at FVTOCI	9.18	7.65
Other financial assets carried at amortised cost	111.62	85.07
	120.80	92.72
(b) Dividends from quoted equity investments measured at FVTOCI*	13.48	15.16
(c) Other non-operating income		
Insurance claims received	1.56	3.03
Royalty received		
- From Associate Companies (Refer note 35)	3.29	3.08
- From Others	0.32	-
	3.61	3.08
Net gain arising on financial assets measured at FVTPL ^	120.61	76.89
Reversal of provision for expected credit loss on government grants	27.58	-
Others	84.16	102.52
	237.52	185.52
(d) Other gains and losses		
Net foreign exchange gains (Other than considered as finance cost)	-	37.98
Net gain on disposal of Property, Plant and Equipment and Other Intangible Assets (net)	11.72	44.36
Net gain on modification/ termination of leases	2.96	4.27
	14.68	86.61
Total	386.48	380.01

*Relates to investments held at the end of reporting period

^ Includes gain on sale of financial assets measured at FVTPL for ₹ 36.11 crores (Previous year - ₹ 28.78 crores).

NOTE 25A : COST OF MATERIALS CONSUMED

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Raw Materials Consumed		
Opening Stock (including goods-in-transit)	2,403.14	1,412.33
Add : Pursuant to acquisition (Refer note 43(c))	1.30	-
Add : Purchases	14,613.63	14,742.93
	17,018.07	16,155.26
Less : Closing Stock (including goods-in-transit)	2,168.19	2,403.14
	14,849.88	13,752.12
Packing Materials Consumed		
Opening Stock	108.74	91.90
Add : Purchases	2,465.16	2,519.31
	2,573.90	2,611.21
Less : Closing Stock	93.20	108.74
	2,480.70	2,502.47
Total Cost of Materials Consumed	17,330.58	16,254.59

NOTE 25B : PURCHASES OF STOCK-IN-TRADE

	4,135.65	3,371.13
NOTE 25C : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Stock at the beginning of the year		
Finished Goods (including goods-in-transit)	2,502.34	1,597.48
Work-in-Progress	195.02	133.46
Stock-in-trade-acquired for trading (including goods-in-transit)	790.97	432.42
	3,488.33	2,163.36
Add : Pursuant to acquisition (Refer note 43(c))	0.38	-
Total	3,488.71	2,163.36
Stock at the end of the year		
Finished Goods (including goods-in-transit)	2,677.78	2,502.34
Work-in-Progress	187.11	195.02
Stock-in-trade-acquired for trading (including goods-in-transit)	933.55	790.97
Total	3,798.44	3,488.33
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-In-Progress	(309.73)	(1,324.97)

NOTE 26 : EMPLOYEE BENEFITS EXPENSE

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Salaries and wages	1,784.08	1,556.97
Contribution to provident and other funds (Refer note 34(1) and 34(2))	89.71	86.47
Staff welfare expenses	140.90	132.29
Share based payment expenses (Refer note 34(3))	13.38	10.94
Total	2,028.07	1,786.67

Notes to the Consolidated Financial Statements (Contd.)

NOTE 27 : OTHER EXPENSES

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Consumption of stores, spares and consumables	89.79	76.79
Power and fuel	138.29	117.23
Processing charges	183.87	167.75
Repairs and maintenance :		
Buildings	23.21	23.48
Machinery	59.05	52.22
Other assets	79.58	57.74
	161.84	133.44
Rates and taxes	19.95	16.47
Corporate social responsibility expenses	78.84	72.12
Commission to Non Executive Directors	5.32	4.72
Directors' sitting fees	3.02	3.22
Auditors' Remuneration	5.27	4.70
Net loss on foreign currency transactions and translations (Other than considered as finance cost)	61.19	-
Freight and handling charges	2,100.68	1,842.43
Advertisement and Sales Promotion expenses	1,152.93	943.36
Bad debts written off	3.44	2.15
Allowances for doubtful debts and advances (net)	63.91	57.56
Insurance	30.11	31.90
Travelling expenses	191.90	103.12
Miscellaneous expenses*	753.83	633.29
Total	5,044.18	4,210.25

Note : Other expenses include variable lease payments (Refer note 17).

* Includes fair valuation loss on earn out, derivatives and gross obligation towards further stake acquisition in subsidiary and associate companies amounting to ₹ 28.85 crores (Previous Year - NIL) (Refer note 43(c) & 43(d)).

NOTE 28 : FINANCE COSTS

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	43.32	14.07
Less : amounts included in the cost of qualifying assets	0.50	2.52
	42.82	11.55
(b) Interest on bill discounting	31.51	17.74
(c) Interest on loan from State Government	1.54	1.85
(d) Interest on lease liabilities	64.99	56.73
(e) Other interest expense	1.79	6.72
Total interest expense for financial liabilities carried at amortised cost	142.65	94.59
Interest on income tax	1.80	0.82
Total	144.45	95.41

NOTE 29 : DEPRECIATION AND AMORTISATION EXPENSE

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Depreciation of Property, Plant and Equipment (Refer note 2A)	551.50	546.29
Depreciation of Right-of-Use assets (Refer note 2B)	277.43	241.24
Amortisation of Other Intangible Assets (Refer note 4B)	29.09	28.83
Total	858.02	816.36

NOTE 30(A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial Assets and Financial Liabilities in the Consolidated Balance Sheet are as follows :

		(₹ in Crores)			
Financial assets/ Financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Financial assets measured at FVTPL					
Investments in quoted mutual funds	5(D)	-	-	2,647.03	2,155.03
Investments in unquoted equity shares	5(A)(b)(ii)	1.92	1.07	-	-
Foreign currency forward exchange contract (net)	7	-	-	0.07	-
Derivative asset towards further stake acquisition in Associate company	7	-	-	2.27	-
		1.92	1.07	2,649.37	2,155.03
Financial assets measured at FVTOCI					
Investments in quoted equity shares*	5(A)(a)	586.32	496.13	-	-
Investments in unquoted debentures or bonds	5(C)(a)(i)	1.49	1.02	49.32	-
Investments in quoted debentures or bonds	5(C)(a)(ii)	192.42	52.47	-	25.31
		780.23	549.62	49.32	25.31
Financial assets measured at amortised cost					
Investments in unquoted government securities	5(B)	#	#	-	-
Investments in unquoted debentures or bonds	5(C)(b)	0.83	0.67	0.65	0.36
Trade receivables	6	2.17	2.40	4,636.94	3,871.44
Sundry deposits	7	49.47	60.57	34.55	14.66
Royalty receivable	7	-	-	0.53	0.72
Due from Associate Companies	7	-	-	3.73	0.68
Subsidy receivable from governments (net)	7	300.56	365.71	124.83	220.07
Term deposits held as margin money against bank guarantee and other commitments	7	5.52	5.29	7.61	5.43
Term deposits with more than 12 months of original maturity	7	5.40	53.00	1,139.65	1,030.45
Interest accrued on investments in debentures or bonds measured at FVTOCI	7	-	-	6.31	2.72
Quantity discount receivable	7	-	-	262.62	239.98
Retention monies receivable from Customers	7	2.23	1.48	0.80	0.01
Other receivables	7	-	-	9.81	18.78
Cash and Cash Equivalents	8(A)	-	-	523.10	621.72
Other Balances with Banks	8(B)	-	-	320.72	242.61
		366.18	489.12	7,071.85	6,269.63

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30(A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTD.)

Financial Assets and Financial Liabilities in the Consolidated Balance Sheet are as follows(Contd.) :

(₹ in Crores)					
Financial assets/ Financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Financial liabilities measured at FVTPL					
Foreign currency forward exchange contract (net)	18	-	-	-	0.97
Gross obligation towards Earnout	18	-	-	58.97	-
Derivative liability towards further stake acquisition in Associate company	18	6.12	-	-	-
Gross obligation towards further stake acquisition in subsidiary company	18	21.46	-	-	-
		27.58	-	58.97	0.97
Financial liabilities measured at amortised cost					
Loan from State of Haryana	16	20.25	16.16	-	-
Loan from State of Karnataka	16	29.11	-	-	-
Sales tax deferment scheme - State of Maharashtra	16	-	-	-	0.04
Term Loan from Banks	16	26.79	28.38	780.26	588.10
Loan repayable on demand - Cash Credit / Overdraft Accounts	16	-	-	115.80	142.98
Lease Liabilities	17	728.94	598.37	231.47	212.85
Unpaid/Unclaimed dividend	18	-	-	23.99	24.66
Retention monies	18	17.92	1.14	31.88	22.44
Trade Deposits from customers	18	0.88	0.89	0.06	0.07
Payable towards capital expenditure	18	-	-	123.68	88.33
Payable towards services received	18	-	-	808.09	697.71
Payable towards stores, spares and consumables	18	-	-	42.06	17.38
Payable to employees	18	-	0.15	297.49	254.60
Payable towards other expenses	18	-	-	1,049.80	780.65
Trade payables (including Acceptances)	19	-	-	3,635.44	4,164.30
		823.89	645.09	7,140.02	6,994.11

* Investments in these equity instruments are not held for trading. Upon application of Ind AS 109 - Financial Instruments, the Group has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains or losses relating to these investments in the Consolidated Statement of Profit and Loss may not be indicative of the performance of the Group.

#₹ 39,500/-

NOTE 30(A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTD.)

Income, Expenses, Gains or Losses recognised on Financial Instruments in the Consolidated Statement of Profit and Loss are as follows :

(₹ in Crores)			
Income, Expenses, Gains or losses on Financial Instruments	Refer note	Year 2022-23	Year 2021-22
Financial assets measured at FVTPL			
Fair value gain on quoted mutual funds	24	120.61	76.89
Fair value (loss) on derivative assets towards acquisition of further stake in Associate company (net)	27	(3.86)	-
		116.75	76.89
Financial assets measured at amortised cost			
Interest income	24	111.62	85.07
Reversal/(Provision) for expected credit loss on government grants	24 & 41	27.58	(53.73)
Allowance for doubtful debts and advances (net)	27	(63.91)	(57.56)
Bad debts written off	27	(3.44)	(2.15)
		71.85	(28.37)
Financial assets measured at FVTOCI			
Interest income on investments in debt instrument	24	9.18	7.65
Dividend income from quoted equity investments	24	13.48	15.16
Net fair value gain/(loss) on investments in equity instruments		90.19	(82.31)
Net fair value (loss) on investments in debt instruments		(5.43)	(3.26)
		107.42	(62.76)
Financial liabilities measured at FVTPL			
Fair value (loss) on Gross obligation towards earnout	27	(21.26)	-
Fair value (loss) on Derivative liability towards further stake acquisition in Associate company (net)	27	(1.31)	-
Fair value (loss) on Gross obligation towards further stake acquisition in subsidiary Company	27 & 28	(3.38)	-
		(25.95)	-
Financial liabilities measured at amortised cost			
Interest on lease liabilities	28	64.99	56.73
Interest expense other than on lease liabilities	28	78.50	38.68
		143.49	95.41
Net Loss on foreign currency transactions and translations of Financial Asset and Financial Liabilities measured at amortised cost	24, 27 & 41	85.40	10.52

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30 (B) : FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Group’s financial assets and liabilities :

As at 31 st March, 2023		(₹ in Crores)		
Financial assets/ Financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2023	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at FVTOCI				
Investments in quoted equity shares (Refer note 5(A)(a))	586.32	586.32	-	-
Investments in unquoted debentures or bonds (Refer note 5(C)(a)(i))	50.81	-	50.81	-
Investments in quoted debentures or bonds (Refer note 5(C)(a)(ii))	192.42	-	192.42	-
Financial assets measured at FVTPL				
Investments in quoted mutual funds (Refer note 5(D))	2,647.03	2,647.03	-	-
Investments in unquoted equity shares (Refer note 5(A) (b)(iii))	1.92	-	-	1.92
Derivative asset towards further stake acquisition in Associate company (Refer note 7)	2.27	-	-	2.27
Foreign currency forward exchange contract (net) (Refer note 7)	0.07	-	0.07	-
Financial liabilities measured at FVTPL				
Gross obligation towards Earnout (Refer note 18)	58.97	-	-	58.97
Derivative liability towards further stake acquisition in Associate company (Refer note 18)	6.12	-	-	6.12
Gross obligation towards further stake acquisition in subsidiary company (Refer note 18)	21.46	-	-	21.46

As at 31 st March, 2022		(₹ in Crores)		
Financial assets/ Financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2022	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at FVTOCI				
Investments in quoted equity shares (Refer note 5(A)(a))	496.13	496.13	-	-
Investments in quoted debentures or bonds (Refer note 5(C)(a))	78.80	-	78.80	-
Financial assets measured at FVTPL				
Investments in quoted mutual funds (Refer note 5(D))	2,155.03	2,155.03	-	-
Investments in unquoted equity shares (Refer note 5(A)(b)(ii))	1.07	-	-	1.07
Financial liabilities measured at FVTPL				
Foreign currency forward exchange contract (net) (Refer note 18)	0.97	0.97	-	-

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the Consolidated Financial Statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

NOTE 30 (B) : FAIR VALUE MEASUREMENTS (CONTD.)

(iii) Investments in debentures or bonds measured at FVTOCI

The debentures or bonds are fair valued using various market observable inputs.

(iv) Gross obligation towards Earnout

The gross obligation is valued using agreed financial milestones of Obgenix Software Private Limited for the financial year 2022-23 as per the Share Purchase Agreement. The value is not exposed to any variability.

(v) Significant Techniques and Unobservable Inputs Used for Level 3 Fair Valuation Measurement

As at 31 st March 2023	Valuation techniques	Significant Unobservable Inputs	Sensitivity of input to fair value measurement	
			Increase of volatility by 5%	Decrease of volatility by 5%
Fair Value of gross obligation towards further stake acquisition in subsidiary company (Weatherseal Fenestration Private Limited) and derivatives towards further stake acquisition in Associate company (Obgenix Software Private Limited)	Monte Carlo Simulation	Forecast Revenue	Decrease in liability by ₹ 1.19 crores	Increase in liability by ₹ 0.90 crores
		Forecast EBITDA	Decrease in liability by ₹ 0.03 crores	Decrease in liability by ₹ 0.11 crores
		Equity Value	Decrease in liability by ₹ 2.45 crores	Increase in liability by ₹ 2.24 crores
		Weighted Average Cost of Capital (WACC)	Increase of WACC by 1% Increase in liability by ₹ 21.71 crores	Decrease of WACC by 1% Decrease in liability by ₹ 25.61 crores

Fair value of gross obligation towards earnout and further stake acquisition of 11% in Obgenix Software Private Limited is measured basis actual Revenue and EBITDA in accordance with the Share Purchase Agreement.

(vi) Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities is given below :

(₹ in Crores)		
Movements in Level 3 valuations	Year 2022-23	Year 2021-22
Balance as at 1 st April	1.07	1.07
Additions	(54.58)	-
Fair value loss recorded in Consolidated Statement of Profit and Loss	(28.85)	-
Balance as at 31 st March	(82.36)	1.07

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Group’s financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables.

The Group is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors (‘Board’) oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Group formulated by the Risk Management Committee and approved by the Board, states the Group’s approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Group’s management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group’s financial performance. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

The following disclosures summarize the Group’s exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis has been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Group.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks : interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group’s profit before tax for the year ended 31st March, 2023 would decrease/increase by ₹ 4.37 crores (Previous Year - ₹ 2.81 crores).

The Exposure of Group’s financial assets and liabilities to interest rate risk is as follows :

As at 31 st March, 2023					(₹ in Crores)
	As at 31.03.2023	Floating rate	Fixed rate	Non- interest bearing	
Financial assets	10,918.87	21.42	2,318.56	8,578.89	
Financial liabilities	8,050.46	753.81	1,235.98	6,060.67	

As at 31 st March, 2022					(₹ in Crores)
	As at 31.03.2022	Floating rate	Fixed rate	Non- interest bearing	
Financial assets	9,489.78	9.58	2,134.02	7,346.18	
Financial liabilities	7,640.17	536.21	1,050.02	6,053.94	

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts with average maturity of less than one month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments (trade payables). The Group’s policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Group does not enter into any derivative instruments for trading or speculative purposes.

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

1) Market Risk (Contd.)

b) Foreign Currency Risk (Contd.)

The carrying amounts of the Group’s foreign currency denominated monetary items are as follows :

(in millions FC)				
Currency	Liabilities		Assets	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
USD	120.33	175.45	38.30	34.20
EUR	12.66	15.50	11.55	1.65
SGD	0.03	-	1.59	0.02
GBP	0.41	0.71	0.48	0.01
SEK	0.83	0.06	-	-
JPY	18.04	7.35	105.42	-
AED	1.56	8.08	23.04	34.39

(₹ in Crores)				
Currency	Liabilities		Assets	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
USD	988.84	1,327.61	314.76	258.83
EUR	112.94	130.18	103.01	13.82
SGD	0.17	-	9.80	0.11
GBP	4.11	7.07	4.83	0.06
SEK	0.66	0.05	-	-
JPY	1.11	0.46	6.51	-
AED	3.50	16.64	51.55	70.85
Others	3.80	1.59	85.90	1.50
Total	1,115.13	1,483.60	576.36	345.17

The above table represents total exposure of the Group towards foreign exchange denominated monetary items. Out of the above, details of exposures hedged using forward exchange contracts are given below :

Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2023	17.00	10.23	83.89
Forward contract to buy USD - As at 31.03.2022	24.00	18.85	144.05

The Group is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management’s assessment of reasonably possible change in foreign exchange rate.

(₹ in Crores)				
Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2022-23	Year 2021-22	Year 2022-23	Year 2021-22
+5%	(24.26)	(38.57)	(24.26)	(38.57)
-5%	24.26	38.57	24.26	38.57

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

1) Market Risk (Contd.)

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Parent Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2023, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 586.32 crores (Previous year - ₹ 496.13 crores). The details of such investments in equity instruments are given in Note 5(A)(a).

The Parent Company is also exposed to price risk arising from investments in bonds and debentures recognised at FVTOCI. As at 31st March, 2023, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 243.23 crores (Previous year - ₹ 78.80 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds and debentures are given in Note 5(C)(a).

The Parent Company is mainly exposed to change in market rates of its investments in equity investments recognised at FVTOCI. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below :

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2023, Other Comprehensive Income for the year ended 31st March, 2023 would increase by ₹ 51.80 crores (Previous year - ₹ 43.85 crores) and decrease by ₹ 51.80 crores (Previous year - ₹ 46.74 crores) respectively with a corresponding increase/decrease in Total Equity of the Parent Company as at 31st March, 2023. 10% represents management's assessment of reasonably possible change in equity prices.

d) Commodity rate risk

Material cost is the largest cost component for the Group, thus exposing it to the risk of price fluctuations based on the supply and demand conditions of those materials. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Group has put in place a mix of long-term and short-term mitigation plans. The long-term price view consisted of identifying single vendor dependency and finding alternate materials or vendors for the same. The Group also has a robust process of estimating the prices at a quarterly frequency, analysing deviations, if any, and taking short-term corrective measures in addition to altering the outlook for the long-term, if required. The Group also leverages its financial resources to modify the inventory levels as required keeping in mind the price outlook in the near term. Similarly, the Group modifies the contract period in negotiations with the vendors to either lock in prices or to keep them open based on the expected price movements. During the year ended 31st March, 2023 and 31st March, 2022, the Group had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. The Group's exposure to credit risk is disclosed in Note 5 (except equity shares, bonds and debentures), 6, 7, 8A and 8B.

The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments, term deposits and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

2) Credit Risk (Contd.)

The average credit period on sales of products and services is a maximum of 240 days. Credit risk arising from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

For trade receivables, as a practical expedient, the Group companies compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period for the Parent Company is given below. The Group has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of trade receivables.

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

Above matrix for expected credit loss allowance is used by the Parent Company. Similar matrix has been prepared for respective subsidiaries considering business context of the respective subsidiaries.

(₹ in Crores)		
Movement in expected credit loss allowance on trade receivables	Year 2022-23	Year 2021-22
As at 1 st April	238.95	185.31
Loss allowance measured at lifetime expected credit losses	66.18	53.64
As at 31 st March	305.13	238.95

In accordance with Ind AS 109 – Financial Instruments, the Parent Company has re-assessed expected timing of cashflow towards subsidy receivable from the State Governments and accordingly, had provided for time value of money in the year ended 31st March, 2022, an amount of ₹ 53.73 crores as an exceptional item towards subsidy receivable for earlier years.

The Parent Company is confident about the ultimate realisation of the dues from the State Governments. There is no credit risk attached to these receivables.

(₹ in Crores)		
Movement in expected credit loss allowance on subsidy receivable from the State Governments	Year 2022-23	Year 2021-22
As at 1 st April	53.73	-
Additions	-	53.73
Unwinding of interest resulting in reversal of expected credit losses	(27.58)	-
As at 31 st March	26.15	53.73

3) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

3) Liquidity Risk (Contd.)

The Group believes that its liquidity position (₹ 4,859.47 crores as at 31st March 2023 (Previous Year - ₹ 3,806.91 Crores)), anticipated future internally generated funds from operations, and its fully available revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements.

The liquidity position of the Group mentioned above, includes :

- i) Cash and cash equivalents as disclosed in Consolidated Cash Flow Statement (excluding Loan repayable on demand - Cash Credit/Overdraft Accounts).
- ii) Current/Non-Current term deposits as disclosed in Other Financial Assets and Other Balances with Banks.
- iii) Investments in debentures or bonds (including interest accrued on the same).

The Group's liquidity management process as monitored by management, includes-

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- Maintaining rolling forecasts of the Group's liquidity position on the basis of expected cash flows;
- Maintaining diversified credit lines.

The table below analyses financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2023					
Borrowings (Refer note 16)	896.06	50.23	70.62	1,016.91	972.21
Lease Liabilities (Refer note 17)	293.91	681.66	205.87	1,181.44	960.41
Trade Payables (Refer note 19)	3,635.44	-	-	3,635.44	3,635.44
Other financial liabilities (Refer note 18)	2,436.02	46.38	-	2,482.40	2,482.40
(₹ in Crores)					
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total	Carrying Value
As at 31st March, 2022					
Borrowings (Refer note 16)	731.12	48.20	-	779.32	775.66
Lease Liabilities (Refer note 17)	256.46	563.37	164.39	984.22	811.22
Trade Payables (Refer note 19)	4,164.30	-	-	4,164.30	4,164.30
Other financial liabilities (Refer note 18)	1,886.81	2.18	-	1,888.99	1,888.99

NOTE 30(D) : CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16 and equity attributable to owners of the Parent Company, comprising issued capital, reserves and accumulated profits as presented in the Consolidated Statements of changes in Equity.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

NOTE 31 : CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Crores)							
	As at 31.03.2022	Cash Flows	Other Changes	Net additions	Fair value changes	Current/ Non-current classification	Foreign currency translation differences
Borrowings- Non current (Refer note 16)	44.54	78.45	-	-	(41.05)	-	(5.79)
Borrowings- Current (Refer note 16)	731.12	159.76	(27.18)	-	-	-	32.36
Lease Liabilities (Refer note 17)	811.22	(255.72)	-	407.91	-	-	(3.00)
Other Liabilities (Refer note 21)	3.41	-	-	42.59	(1.54)	-	-
76.15							
896.06							
960.41							
44.46							
(₹ in Crores)							
	As at 31.03.2021	Cash Flows	Other Changes	Net additions	Fair value changes	Current/ Non-current classification	Foreign currency translation differences
Borrowings- Non current (Refer note 16)	14.53	39.87	-	-	1.85	-	(11.71)
Borrowings- Current (Refer note 16)	334.05	284.79	109.58	-	-	-	2.70
Lease Liabilities (Refer note 17)	744.54	(221.40)	-	287.31	-	-	0.77
Other Liabilities (Refer note 21)	5.17	-	-	-	(1.76)	-	-
44.54							
731.12							
811.22							
3.41							

NOTE 32 : EARNINGS PER SHARE

	Year 2022-23	Year 2021-22
a) Basic earnings per share in rupees (face value – ₹ 1 per share) (In ₹)	42.83	31.60
b) Diluted earnings per share in rupees (face value – ₹ 1 per share) (In ₹)	42.82	31.60
c) Profit after tax attributable to Owners of the Company as per Consolidated Statement of Profit and Loss (₹ in crores)	4,106.45	3,030.57
Number of equity shares outstanding during the year used for computing basic earnings per share	95,91,97,790	95,91,97,790
Less : Weighted average shares held by ESOP trust as treasury shares	3,29,670	1,20,488
d) Weighted average number of equity shares outstanding during the year used for computing basic earnings per share	95,88,68,120	95,90,77,302
Add : Options granted to employees*	65,921	23,717
e) Weighted average number of equity shares outstanding during the year used for computing diluted earnings per share	95,89,34,041	95,91,01,018

* 356 stock options are excluded from calculating weighted average number of outstanding equity shares for the purpose of computing diluted EPS for 31st March, 2023 (Previous year - 41) as these are anti-dilutive.

Earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Parent Company by the weighted average number of Equity shares outstanding during the year.

NOTE 33 : CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
1. Performance Bonds and Immigration Bonds given by Subsidiaries	7.13	3.53
2. Claims against the Group not acknowledged as debts		
i. Tax matters in dispute under appeal		
- Income Tax	256.50	248.56
- Value Added Tax, Goods & Services Tax, Sales Tax, Entry Tax, Octroi & Trade Tax	166.31	175.79
- Excise, Service Tax & Customs	25.05	25.56
ii. Labour related disputes	31.53	21.58
iii. Disputes relating to property matters	25.07	22.52
iv. Others (includes disputes on matters pertaining to rent deposits, electricity, consumer cases, etc)	17.93	22.20
Total	529.52	519.74

The above claims are pending before various Appellate Authorities. The management, including its advisors, expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's Financial Statements.

b) Commitments :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	1,927.91	743.25
ii. Towards Intangible Assets	28.81	15.27
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as at year end	193.65	373.47

NOTE 34 : EMPLOYEE BENEFITS

1) Post-employment benefits :

The Group has the following post-employment benefit plans :

a) Defined benefit gratuity plan

The Parent Company and Indian subsidiaries operate defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund or a financial institution. It is governed by the Payment of Gratuity Act, 1972. Under the Act, all employee who has completed five years of service are entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. There is no separate contribution by the employee in the fund. In case of the Parent, the fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. In case of Indian subsidiaries, the fund is managed by Life Insurance Corporation (LIC) and every year the required contribution amount is paid to LIC.

The International subsidiaries operate an unfunded gratuity scheme; provision in respect of which is made annually covering all its permanent eligible employees and workers who have completed stipulated years of their service with the respective subsidiaries.

As the plan assets include significant investments in quoted debt and equity instruments the Parent Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Fair value of the Parent Company's own transferable financial instruments held as plan assets - NIL

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits (Contd.) :

b) Defined benefit pension plan (Unfunded)

The Parent Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

c) Defined benefit post-retirement medical benefit plan (Unfunded)

The Parent Company and certain overseas subsidiaries operate a defined post retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

d) Leaving Indemnity plan

Certain overseas subsidiaries provide Leaving Indemnity plan benefits based on last drawn basic salary at the time of separation in accordance with the local labour laws. These defined benefit plans are unfunded.

Asset-Liability Matching (for gratuity and pension plan funded)

Each year, the Board of Trustees and the Parent Company review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Parent Company (employer) contributes to the fund based on the results of this annual review and ensures that the trust is adequately funded. Generally, it aims to have a portfolio mix of sovereign debt instruments, debt instruments of Corporates and equity instruments. The Parent Company aims to keep annual contributions relatively stable at a level such that no significant plan deficits (based on valuation performed) will arise.

Every two years an Asset-Liability Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability Mismatch. There has been no change in the process used by the Parent Company to manage its risks from prior periods.

Aforesaid post-employment benefit plans typically expose the Group to actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	These Plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa. A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

Actuarial Valuation

The above mentioned plans are valued by independent actuaries using the projected unit credit method. The information that follows is extracted from the actuarial reports of the subsidiaries. The independent actuaries who carried out the actuarial valuations as at 31st March, 2023 are as follows :

1. M/s TransValue Consultants
2. Padma Rada Aktuaria
3. Aon Consulting Private Ltd

Notes to the Consolidated Financial Statements (Contd.)

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits (Contd.):

The following tables summarise the components of net defined benefit expense recognised in the Consolidated Statement of Profit and Loss/ OCI and the funded status and amounts recognised in the Consolidated Balance Sheet for the respective plans :

(₹ in Crores)						
		Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023As at 31.03.2022
(i)	Opening defined benefit obligation	243.66	233.66	1.44	1.63	33.6834.06
(ii)	Current service cost	19.92	21.21	0.12	0.24	4.294.21
(iii)	Interest cost	17.78	16.06	0.10	0.10	2.142.33
(iv)	Past Service Cost	(0.89)	1.37	-	-	(0.03)-
(v)	(Gain) on Curtailments/Settlements	-	-	-	-	(0.02)(1.14)
(vi)	Sub-total included in Consolidated Statement of Profit and Loss (ii+iii+iv+v)	36.81	38.64	0.22	0.34	6.385.40
(vii)	Actuarial (Gain) from changes in financial assumptions	(0.89)	(8.19)	-	(0.04)	(0.14)(3.41)
(viii)	Actuarial (Gain) / Loss from changes in demographic assumptions	(0.03)	(0.01)	-	-	0.442.92
(ix)	Experience adjustment (Gain) / Loss	2.17	3.63	0.10	(0.15)	(0.23)(0.15)
(x)	Sub-total included in Other Comprehensive Income (vii+viii+ix)	1.25	(4.57)	0.10	(0.19)	0.07(0.64)
(xi)	Benefits paid	(22.54)	(24.07)	(0.29)	(0.34)	(3.69)(3.43)
(xii)	Exchange Difference on Foreign Plans	-	-	-	-	1.03(1.71)
(xiii)	Closing defined benefit obligation (i+vi+x+xi+xii)	259.18	243.66	1.47	1.44	37.4733.68
(xiv)	Opening fair value of plan assets	236.96	207.73	-	-	-
(xv)	Expected return on plan assets	16.20	14.24	-	-	-
(xvi)	Sub-total included in Consolidated Statement of Profit and Loss (xv)	16.20	14.24	-	-	-
(xvii)	Actuarial gains/(Loss)	(8.79)	(0.81)	-	-	-
(xviii)	Sub-total included in Other Comprehensive Income (xvii)	(8.79)	(0.81)	-	-	-
(xix)	Contributions by employer	25.50	39.42	-	-	-
(xx)	Benefits paid	(22.43)	(23.62)	-	-	-
(xxi)	Closing fair value of plan assets (xiv+xvi+xviii+xix+xx)	247.44	236.96	-	-	-
(xxii)	Net Liability (xiii-xxi)	11.74	6.70	1.47	1.44	37.4733.68
Expense recognised in :						
(xxiii)	Consolidated Statement of Profit and Loss (vi-xvi)	20.61	24.40	0.22	0.34	6.385.40
(xxiv)	Consolidated Statement of Other Comprehensive Income (x-xviii)	10.04	(3.76)	0.10	(0.19)	0.07(0.64)

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits (Contd.):

The major categories of plan assets of the fair value of the total plan assets for the Parent Company are as follows :

(₹ in Crores)		
		Gratuity (Funded Plan)
		As at 31.03.2023As at 31.03.2022
Government of India Securities (Central and State)		121.45116.32
High quality corporate bonds (including Public Sector Bonds)		91.6488.12
Equity shares, Equity mutual funds and ETF		21.5917.31
Cash (including liquid mutual funds)		0.430.37
Others		4.526.51

The principal assumptions used in determining gratuity, pension and post-employment medical benefit obligations for the Group plans are shown below :

		Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Discount Rate		7.30% to 7.31%	6.78% to 7.34%	7.31%	7.27%	5.00% to 16.00%	3.50% to 14.70%
Salary Escalation Rate		All Grades-9% for First year 8% thereafter	All Grades-9% for first 2 years 8% thereafter	-	-	5.00% to 15.00%	0.00% to 13.00%

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Crores)						
		Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023*As at 31.03.2022
Defined Benefit Obligation - Discount Rate + 100 basis points		(20.30)	(18.98)	(0.08)	(0.08)	(0.07)(0.06)
Defined Benefit Obligation - Discount Rate - 100 basis points		22.39	20.88	0.09	0.09	0.070.07
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points		21.43	20.07	-	-	#-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points		(20.07)	(18.79)	-	-	#-

* Sensitivity analysis does not include impact of overseas subsidiaries as the same is not material

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits (Contd.) :

The average duration of the defined benefit plan obligation at the end of the reporting period ranges from 7.12 years to 10.84 years (Previous year - 6.92 years to 11.49 years.)

The Group expects to make a contribution of ₹ 34.27 crores (Previous year - ₹ 26.63 crores) to the defined benefit plans during the next financial years.

(e) Provident Fund

The provident fund assets and liabilities of the Parent Company is managed by its provident fund trusts. The plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Parent Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2023.

Participation by all employees in provident funds plans is mandatory. Contribution to Provident Fund is made @ 12% of salary (computed in accordance with the prevalent regulations) by the employee. Similarly, the Parent Company also contributes to the Provident Fund specified percentage of salary as per the prevalent regulations. Employees have the option to voluntarily contribute a higher amount.

The details of benefit obligation and plan assets of the provident funds is as given below :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Present value of benefit obligation at period end	775.04	709.01
Plan assets at period end, at fair value, restricted to asset recognised in Balance Sheet	775.04	709.01

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

	As at 31.03.2023	As at 31.03.2022
Discounting Rate	7.31%	7.27%
Expected Guaranteed interest rate	8.15%*	8.10%

*Rate announced by Central Board of Trustees of Employees Provident Fund Organisation for the FY 2022-23 and the same is used for valuation purpose. The Trust has provisionally declared interest rate of 8.40% for FY 2022-23.

(2) Other Long term employee benefits :

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2023 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 11.35 crores (Previous Year - ₹ 14.81 crores).

(a) Financial Assumptions

	As at 31.03.2023	As at 31.03.2022
Discount Rate	5.00% to 16.00%	3.50% to 14.70%
Salary increases allowing for Price inflation	5.00% to 15.00%	0.00% to 13.00%

(b) Demographic Assumptions

	As at 31.03.2023	As at 31.03.2022
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	1.80% to 40.00%	1.80% to 40.00%
Leave Availment Ratio	2.00% to 5.00%	2.00% to 5.00%

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

(3) Employee share based payment plans

During the year ended 31st March, 2022, the Group implemented Asian Paints Employee Stock Option Plan 2021 ("2021 Plan"). The plan was approved by shareholders in the Parent Company's 75th AGM held on 29th June, 2021. The 2021 Plan enables grant of stock options to the eligible employees of the Group is not exceeding 25,00,000 Shares, which is 0.26 % of the paid up equity share capital of the Parent Company as on 12th May, 2021. Further, the stock options to any single employee under the Plan shall not exceed 5,00,000 Shares of the Parent Company during the tenure of the Plan, subject to compliance with Applicable Law.

The options granted under 2021 Plan have a maximum vesting period of 4 years. The options granted are based on the performance of the employees during the year of the grant and their continuing to remain in service over the next 3 years. The process for determining the eligibility of employees for the grant of stock options under the 2021 Plan shall be determined by the Nomination and Remuneration Committee (Administrator of the 2021 Plan) in consultation with Managing Director & CEO and based on employee's grade, performance rating and such other criteria as may be considered appropriate. The employees shall be entitled to receive one equity share of the Parent Company on exercise of each stock option, subject to performance of the employees and continuation of employment over the vesting period. The exercise price for stock options granted are at a discount of 50% to the Reference Share Price (the average of the daily high and low of the volume weighted average prices of the Shares quoted on a recognised stock exchange during the 22 trading days preceding the day on which the grant is made) of the shares of the Parent Company as defined under 2021 Plan.

Further, the 2021 Plan replaced the existing Deferred Incentive Scheme (which provided for deferred cash pay-outs based on performance of the employees and satisfaction of vesting conditions). Pursuant to launch of 2021 Plan, the eligible employees were given option to convert existing deferred incentive benefit for FY 2020-21 into ESOPs. Accordingly, stock options were granted to those employees opting for ESOPs.

The Administrator approved secondary purchase of shares equivalent to the options granted in August 2021 through Asian Paints Employees Stock Ownership Trust ("ESOP Trust" or "Trust") which is shown as treasury shares in the Consolidated Statement of Changes in Equity.

(a) Details of stock options granted :

	Grant Date	Vesting Date	Options outstanding at the beginning of the year	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options lapsed during the year	Balance as at year end	Exercisable at period end	Weighted Average remaining contractual life (years)
Grant 1	16 th August, 2021	31 st March, 2024	1,08,354	-	-	-	10,822	97,532	7,500	2
Grant 2	16 th August, 2021	31 st March, 2025	1,13,304	4,854	-	-	12,430	1,05,728	4,404	3
Grant 3	10 th February, 2022	31 st March, 2025	4,425	-	-	-	684	3,741	73	3
Grant 4	6 th June, 2022	31 st March, 2026	-	1,34,943	-	-	12,597	1,22,346	1,121	4
Grant 5	8 th September, 2022	31 st March, 2026	-	6,312	-	-	-	6,312	-	4
Grant 6	19 th January, 2023	31 st March, 2026	-	1,174	-	-	-	1,174	-	4
Grant 7	31 st March, 2023	31 st March, 2026	-	1,124	-	-	-	1,124	-	4

Weighted average exercise price for respective option series towards all the movement including opening and closing outstanding options is same as exercise price on grant date.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 34 : EMPLOYEE BENEFITS (CONTD.)

(3) Employee share based payment plans (Contd.)

(b) Fair Value of stock options granted :

Fair Value of Share Options was calculated using the Black Scholes Model. The key assumptions used for calculating the option fair value are as below :

	Grant Date	Fair Value at Grant Date (₹)	Exercise price (₹)	Market price at the time of grant of the option (₹)	Risk free interest rate	Expected life	Expected volatility	Dividend Yield
			50% of Reference Share Price		Zero Coupon Sovereign Bond Interest Rate equivalent for option life	Tenure to vesting of options and half of exercise period assuming even exercise of options during exercise period	Based on daily volatility for period equivalent for option life	Dividend yield is calculated as dividend paid in last FY divided by current share price
Grant 1	16 th August, 2021	1,685.13	1,518.70	2,987.55	5.07%	3.12 years	34.67%	0.60%
Grant 2	16 th August, 2021	1,752.87	1,518.70	2,987.55	5.50%	4.12 years	32.17%	0.60%
Grant 3	10 th February, 2022	1,884.83	1,632.53	3,228.35	5.57%	3.63 years	33.93%	0.55%
Grant 4	6 th June, 2022	1,768.00	1,478.00	2,886.90	7.17%	4.32 years	33.76%	0.66%
Grant 5	8 th September, 2022	2,098.00	1,706.00	3,400.35	7.08%	4.06 years	34.71%	0.56%
Grant 6	19 th January, 2023	1,769.00	1,505.00	2,945.25	7.22%	3.69 years	34.75%	0.65%
Grant 7	31 st March, 2023	1,649.00	1,412.00	2,770.50	7.28%	3.50 years	34.59%	0.69%

During the year, the Group has recognised an expense of ₹ 13.38 crores (Previous year - ₹ 10.94 crores).

NOTE 35 : RELATED PARTY TRANSACTIONS

Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below :

(a) Associates :

- 1) PPG Asian Paints Private Limited
- Wholly owned subsidiaries of PPG Asian Paints Private Limited :
- a) Revocoat India Private Limited
- b) PPG Asian Paints Lanka Private Limited *

- 2) Obgenix Software Private Limited **

* The Company has ceased its business operations during the year 2022-23.

**Associate w.e.f 2nd April, 2022.

(b) Key Managerial Personnel :

Name	Designation
Amit Syngle	Managing Director & CEO
R J Jeyamurugan	CFO & Company Secretary
Non-Executive Directors	
Late Abhay Vakil (upto. 2 nd November, 2021)	M.K. Sharma (upto 31 st March, 2022)
Amrita Vakil	Nehal Vakil (w.e.f. 1 st March, 2022)
Ashwin Dani	Pallavi Shroff
Deepak Satwalekar (Chairman)	R Seshasayee
Jigish Choksi	Dr. S. Sivaram (upto 30 th September, 2021)
Malav Dani	Suresh Narayanan
Manish Choksi (Vice Chairman)	Vibha Paul Rishi
Milind Sarwate (appointed w.e.f 21 st October, 2021)	

NOTE 35 : RELATED PARTY TRANSACTIONS (CONTD.)

(c) Names of Close Family Members of Key Managerial Personnel (apart from those who are in employment of the Parent Company) where transactions have taken place during the year :

Aashay Ashish Choksi	Ina Ashwin Dani	Rita Mahendra Choksi
ACC AP Trust	Ishwara Hasit Dani	Rupal Anant Bhat
Ami Manish Choksi	Jalaj Ashwin Dani	Rupen Ashwin Choksi
Anay Rupen Choksi	Late Abhay Arvind Vakil	Sanjay Rishi
Asha Subhash Gujarathi	Late Amar Arvind Vakil	Satyen Ashwin Gandhi
Ashish Ashwin Choksi [§]	Mahendra Chimanlal Choksi [§]	Shailesh Chimanlal Choksi [§]
Ashwin Ramanlal Gandhi	Manish Mahendra Choksi HUF	Shalinie Syngle
Ashwin Suryakant Dani HUF	Meghna Satyen Gandhi	Shubhlakshmi Hasit Dani
Bhairavi Abhay Vakil	Mudit Jalaj Dani	Smiti Jalaj Dani
Binita Ashish Choksi	Nysha Rupen Choksi	Urvashi Ashwin Choksi
Chandanben Chhotalal Shah	Prafullika Shailesh Choksi	Vaibhavi Hiren Gandhi
Dipika Amar Vakil	Ragini Varun Vakil	Vishal Shailesh Choksi
Druhi Ashish Choksi	Rhea Manish Choksi	Vita Jalaj Dani
Hasit Ashwin Dani [§]	Richa Manish Choksi	Vivek Abhay Vakil [§]
Hiren Ashwin Gandhi		

[§] includes HUF of which he is the karta

(d) Close family members of Key Managerial Personnel who are under the employment of the Parent Company and with whom transactions have taken place during the year :

Varun Vakil ++

++ includes HUF of which he is the karta

(e) Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control / significant influence and where transactions have taken place during the year :

Addverb Technologies Ltd. [§]	Hitech Specialities Solutions Ltd.	Resins and Plastics Ltd.
Ankleshwar Industrial Development Society	Hydra Trading Pvt. Ltd.	Ricinash Renewable Materials Pvt. Ltd. ^^
Asteroids Trading and Investments Pvt. Ltd	Jalaj Trading and Investment Company Pvt. Ltd.	Rupen Investment and Industries Pvt. Ltd.
Castle Investment & Industries Pvt. Ltd.	Jaldhar Investments and Trading Company Pvt. Ltd	Sattva Holding and Trading Pvt. Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Lambodar Investments and Trading Company Ltd.	Satyadharma Investments and Trading Company Pvt Ltd.
Dani Finlease Pvt. Ltd. ®	Lyon Investment and Industries Pvt. Ltd.	Shardul Amarchand Mangaldas & Co.
Doli Trading and Investments Pvt. Ltd.	Murahar Investments and Trading Company Ltd.	Stack Pack Ltd.
Elcid Investments Ltd.	Navbharat Packaging Industries Pvt. Ltd. **	Smiti Holding and Trading Company Pvt. Ltd.
ELF Trading and Chemical Manufacturing Pvt. Ltd. *	Nehal Trading and Investments Pvt. Ltd.	Sudhanva Investments and Trading Company Pvt.Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Paladin Paints and Chemicals Pvt. Ltd.	Suptaswar Investments and Trading Company Ltd.
Gujarat Organics Pvt. Ltd. %	Riash Renewable Materials Pvt. Ltd. @@	Tru Trading and Investments Pvt. Ltd.
Hiren Holdings Pvt. Ltd.	Piramal Swasthya Management and Research Institute	Unnati Trading and Investments Pvt. Ltd.
Hitech Corporation Ltd.	Rayirth Holding and Trading Company Pvt. Ltd.	Vikatmev Containers Ltd.

[§] till 31st March, 2022. Change in name w.e.f. 16th September, 2022 (formerly known as Addverb Technologies Pvt. Ltd.).

® change in name w.e.f. 7th February, 2022 (formerly known as Dani Finlease Ltd.).

Notes to the Consolidated Financial Statements (Contd.)

NOTE 35 : RELATED PARTY TRANSACTIONS (CONTD.)

(e) Entities where Key Managerial Personnel / Close family members of Key Managerial Personnel have control / significant influence and where transactions have taken place during the year (Contd.) :

- * change in name w.e.f. 22nd December, 2021 (formerly known as ELF Trading And Chemicals Mfg. Ltd.).
- % change in name w.e.f. 14th December, 2022 (formerly known as Gujarat Organics Ltd.).
- ** change in name w.e.f. 22nd December, 2021 (formerly known as Navbharat Packaging Industries Ltd.).
- @@ formerly known as Riash Realty Pvt. Ltd. (till 26th October, 2022).
- ^^ formerly known as Ricinash Oil Mill Ltd. (till 25th August, 2021) & Ricinash Renewable Materials Ltd (till 7th March, 2022).

f) Other entities where significant influence exist :

- i) **Post employment-benefit plan entity :**
Asian Paints (I) Limited Employees’ Gratuity Fund
- ii) **Other :**
Asian Paints Office Provident Fund (Employee benefit plan)
Asian Paints Factory Employees’ Provident Fund (Employee benefit plan)
Asian Paints Management Cadres’ Superannuation Scheme (Employee benefit plan)

Terms and conditions of transactions with related parties :

- The Group has been entering into transactions with related parties for its business purposes. The process followed for entering into transactions with related party is same as followed for unrelated party. Vendors are selected competitively having regard to strict adherence to quality, timely servicing and cost advantage. Further related party vendors provide additional advantages in terms of :
 - (a) Supplying products primarily to the Group,
 - (b) Advanced and innovative technology,
 - (c) Customization of products to suit the Group’s specific requirements, and
 - (d) Enhancement of the Group’s purchase cycle and assurance of just in time supply with resultant benefits– notably on working capital.
- The purchases from and sales to related parties are made on terms equivalent to and those applicable to all unrelated parties on arm’s length transactions. Outstanding balances payable and receivable at the year-end are unsecured, interest free and will be settled in cash.
- The assessment of receivables is undertaken in each financial year through examining the financial position of related parties, the market and regulatory environment in which related parties operate and is in accordance with the accounting policy of the Group.

Compensation of key managerial personnel of the Parent Company :

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Short-term employee benefits	29.10	23.38
Post-employment benefits	0.07	0.12
Total compensation paid to key management personnel	29.17	23.50

NOTE 35 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Associate Companies :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
PPG Asian Paints Private Limited	Revenue from Sale of Products	9.79	1.04	6.78	1.67
	Purchase of Goods	5.30	1.23	3.57	2.06
	Purchase of Assets	-	-	0.42	-
	Processing Income	11.42	2.86	11.62	(0.13)
	Royalty Income	3.76	0.32	3.25	0.50
	Other Non Operating Income	8.23	0.25	7.38	0.93
	Processing charges	#	-	0.41	0.01
	Reimbursement for Expenses incurred by the Group on behalf of the related party	0.45	0.30	0.19	0.08
	Reimbursement for Expenses incurred by related party on behalf of the Group	1.44	0.01	0.02	-
	Dividend received	42.78	-	-	-
Revocoat India Private Limited	Other Non Operating Income	0.17	(0.02)	0.19	0.02
Obgenix Software Private Limited	Purchase of Goods	0.88	0.71	-	-
	Royalty Income	0.13	0.13	-	-
	Other Non Operating Income	1.06	0.26	-	-
	Reimbursement for Expenses incurred by the Group on behalf of the related party	0.63	0.18	-	-

Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Amit Syngle	Remuneration ^	18.40	10.19	13.75	6.66
	Dividend paid	#	-	#	-
R J Jeyamurugan	Remuneration ^^	3.69	-	3.06	-
Late Abhay Vakil	Retiral benefits	-	-	0.05	-
	Remuneration	-	-	0.42	0.34
	Dividend paid	-	-	51.40	-
Amrita Vakil	Remuneration	0.55	0.42	0.46	0.34
	Dividend paid	5.11	-	4.66	-
Ashwin Dani	Retiral benefits	0.07	-	0.07	-
	Remuneration	0.50	0.42	0.46	0.36
	Dividend paid	3.92	-	3.58	-
Deepak Satwalekar	Remuneration	0.62	0.50	0.57	0.40
Jigish Choksi	Remuneration	0.53	0.42	0.44	0.34
	Dividend paid	3.97	-	3.62	-
Malav Dani	Remuneration	0.57	0.44	0.50	0.36
	Dividend paid	6.58	-	6.00	-

Notes to the Consolidated Financial Statements (Contd.)

NOTE 35 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Key Managerial Personnel / Close Family Member of Key Managerial Personnel(Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Manish Choksi	Remuneration	0.63	0.46	0.55	0.38
	Dividend paid	4.75	-	4.34	-
Milind Sarwate	Remuneration	0.63	0.48	0.23	0.14
	Dividend paid	#	-	#	-
M.K. Sharma	Remuneration	-	-	0.61	0.40
Nehal Vakil	Remuneration	0.52	0.42	0.07	0.03
	Dividend paid	25.48	-	4.42	-
Pallavi Shroff	Remuneration	0.55	0.42	0.45	0.34
R Seshasayee	Remuneration	0.66	0.44	0.58	0.38
	Dividend paid	#	-	#	-
Dr. S. Sivaram	Remuneration	-	-	0.21	0.18
Suresh Narayanan	Remuneration	0.62	0.46	0.54	0.38
Vibha Paul Rishi	Remuneration	0.63	0.44	0.48	0.35
Varun Vakil (Close Family Members of KMP)	Remuneration	0.93	-	0.82	-
	Dividend paid	14.82	-	4.05	-
Others*	Dividend paid	136.94	-	101.79	-

^ Remuneration does not include Performance based incentive, Deferred incentive of ₹ 0.90 crores paid in 2022-23 (₹ 1.13 crores paid in 2021-22) for previous years and ₹ 5.49 crores worth of stock options for current year (Previous year - ₹ 3.59 crores) which will be subject to vesting conditions in accordance with the 2021 plan.

^^ Remuneration does not include Deferred incentive of ₹ 0.16 crores paid in 2022-23 (₹ 0.25 crores paid in 2021-22) for previous years and ₹ 0.48 crores worth of stock options for current year (Previous year - ₹ 0.48 crores in lieu of eligible deferred incentive) which will be subject to vesting conditions in accordance with the 2021 plan.

* Dividend paid to Close Family Members of Key Managerial Personnel has been shown under others, which are less than 10% of overall dividend paid to Related parties.

Details of transactions with and balances outstanding of Entities Controlled / significantly influenced by Key Managerial Personnel / Close Family Members of Key Managerial Personnel :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Addverb Technologies Ltd.	Services Received	-	-	0.38	0.07
	Revenue from sale of products	-	-	0.17	0.07
Ankleshwar Industrial Development Society	Services Received	0.11	(0.01)	0.04	(0.01)
ELF Trading and Chemical Manufacturing Pvt. Ltd.	Revenue from sale of products & services	0.63	(0.24)	-	-
	Dividend paid	4.20	-	3.83	-
Hitech Corporation Ltd.	Purchase of goods	470.80	3.61	514.35	2.44
Hitech Specialities Solutions Ltd.	Purchase of goods	6.96	0.01	22.12	1.86
Hydra Trading Pvt. Ltd.	Revenue from sale of products	0.11	-	0.16	(0.14)
Navbharat Packaging Industries Pvt. Ltd.	Purchase of goods	6.32	0.30	8.06	0.39
Paladin Paints and Chemicals Pvt. Ltd.	Purchase of goods	5.82	#	13.62	1.02
	Services Received	0.87	0.09	0.56	-

NOTE 35 : RELATED PARTY TRANSACTIONS (CONTD.)

Details of transactions with and balances outstanding of Entities Controlled / significantly influenced by Key Managerial Personnel / Close Family Members of Key Managerial Personnel (Contd.) :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Piramal Swasthya Management and Research Institute	Corporate Social Responsibility Expenses	3.21	-	2.46	-
Resins and Plastics Ltd.	Purchase of goods	47.41	8.75	38.05	10.35
	Revenue from sale of products	0.15	0.02	0.14	#
Ricinash Renewable Materials Pvt. Ltd.	Purchase of goods	17.50	0.95	20.04	#
Shardul Amarchand Mangaldas & Co.	Services Received	1.52	0.44	2.34	0.76
Stack Pack Ltd.	Purchase of goods	13.33	2.41	8.91	1.40
Vikatmev Containers Ltd.	Purchase of goods	21.22	1.02	22.14	1.53
	Dividend paid	0.22	-	0.20	-
Riash Renewable Materials Pvt. Ltd.	Revenue from sale of products & services	0.20	(0.88)	-	-
Sattva Holding and Trading Private Limited	Dividend paid	109.03	-	102.35	-
Smiti Holding and Trading Company Private Limited	Revenue from sale of products	0.14	-	0.19	(0.10)
	Dividend paid	110.12	-	100.44	-
Others *	Dividend paid	579.39	-	528.43	-

* Dividend paid to Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors has been shown under others, which are less than 10% of overall dividend paid to Related parties.

Details of transactions with and balances outstanding for Other Entities where significant influence exist :

(₹ in Crores)					
Name of the related party	Nature of transaction	Year 2022-23		Year 2021-22	
		Transaction value	Outstanding amount	Transaction value	Outstanding amount
Asian Paints (I) Limited Employees' Gratuity Fund *	Contributions during the year (includes Employees' share and contribution)	24.00	-	38.00	-
Asian Paints Office Provident Fund	Contributions during the year (includes Employees' share and contribution)	54.47	4.53	50.66	4.14
Asian Paints Factory Employees' Provident Fund	Contributions during the year (includes Employees' share and contribution)	39.82	3.27	34.84	2.88
Asian Paints Management Cadres Superannuation Scheme	Contributions during the year (includes Employees' share and contribution)	0.04	-	0.03	-

* The Parent Company pays to the employees on behalf of Trust which is subsequently reimbursed by the Trust.

All the amounts reported in Note 35 are inclusive of GST wherever applicable.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 36 : PURSUANT TO IND AS-116 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED :

I) Assets given on operating leases

- a) Certain subsidiaries have provided tinting systems to its dealers on an operating lease basis. The lease period is four years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement.
- b) Future minimum lease rentals receivable as at 31st March, 2023 as per the lease agreements :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Not later than 1 year	0.02	0.11
Later than 1 year and not later than 5 years	0.05	0.08
Later than 5 years	-	-
Total	0.07	0.19

The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into between the respective companies and the dealers and variation made thereto. The lease rentals are reviewed periodically taking into account prevailing market conditions.

- c) The initial direct cost relating to acquisition of tinting system is capitalised.
- d) The information on gross amount of leased assets, depreciation and impairment is given in Note 2B.

II) Assets given on finance lease

- a) A subsidiary has given some of its plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.
- b) The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2023 and 31st March, 2022 is as under :

	(₹ in Crores)		
	As at 31.03.2023		
	Gross investments in lease	Unearned finance income	Present value receivables
Not later than 1 year	0.46	0.01	0.45
Later than 1 year and not later than 5 years	-	-	-
Later than 5 years	-	-	-
Total	0.46	0.01	0.45

	As at 31.03.2022		
	Gross investments in lease	Unearned finance income	Present value receivables
Not later than 1 year	0.38	0.01	0.37
Later than 1 year and not later than 5 years	-	-	-
Later than 5 years	-	-	-
Total	0.38	0.01	0.37

NOTE 37 : SEGMENT REPORTING

The Group has forayed into new Home Décor products and services propelling its transition from ‘share of surface’ to ‘share of space’. Home Décor has strong synergy with the Group’s core business and hence is an essential part of the Group’s strategy. Considering the interlinked nature of products and services offered and the type of customers served, the resources are allocated across the Group interchangeably and business performance is reviewed as one segment. Thus, in accordance with Ind AS 108 – Segment Reporting, the Group’s business segment comprises of a single reportable operating segment of “Paints and Home Décor”. Accordingly, no separate segment information has been provided. The comparative figures are reported in line with the current year.

NOTE 38 : INVESTMENT IN ASSOCIATE COMPANIES

a) PPG Asian Paints Private Limited

The Group has 50% interest in PPG Asian Paints Private Limited, which is involved in the manufacture of original equipment manufacturer coatings. PPG Asian Paints Private Limited is a private entity that is not listed on any public exchange. The Group’s interest in PPG Asian Paints Private Limited is accounted for using the equity method in the Consolidated Financial Statements. The following table illustrates the summarised financial information of the Group’s investment in PPG Asian Paints Private Limited :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Current Assets	1,068.94	944.12
Non-current Assets	472.71	503.82
Current Liabilities	(374.10)	(362.60)
Non-current Liabilities	(47.25)	(54.42)
Equity	1,120.30	1,030.93
Proportion of the Group’s ownership interest	50%	50%
Carrying amount of the Group’s interest*	560.15	515.47
Dividend received during the year	42.78	-

* Includes share of capital reserve and other reserves in Associate company amounting to ₹ 0.12 crores (Previous year - ₹ 0.05 crores) (Refer note 14)

	(₹ in Crores)	
	Year 2022-23	Year 2021-22
Revenue	1,849.65	1,456.74
Cost of raw material and components consumed	(1,179.97)	(992.81)
Depreciation & amortisation	(47.42)	(46.88)
Finance cost	(3.51)	(3.18)
Employee benefit	(144.83)	(126.04)
Other expenses	(238.26)	(201.58)
Profit before tax	235.66	86.25
Income tax expense	(59.28)	(23.11)
Profit for the year	176.38	63.14
Group’s share of profit for the year	88.19	31.57
Group’s share of Other Comprehensive Income for the year	(0.84)	(0.05)
Group’s Total Comprehensive Income for the year	87.35	31.52

The Associate had the following contingent liabilities and capital commitments :

a. Contingent Liabilities :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal		
- Income Tax	131.79	131.77
- Value Added Tax and Central Sales Tax	17.42	20.53
Total	149.21	152.30

b. Capital Commitments :

	(₹ in Crores)	
	As at 31.03.2023	As at 31.03.2022
Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	1.88	2.78

Notes to the Consolidated Financial Statements (Contd.)

NOTE 38 : INVESTMENT IN AN ASSOCIATE COMPANIES (CONTD.)

b) Obgenix Software Private Limited

The Group has acquired 49% interest in Obgenix Software Private Limited, which is involved in designer and decorative lighting space (Refer note 43(d)). Obgenix Software Private Limited is a private entity that is not listed on any public exchange. The Group’s interest in Obgenix Software Private Limited is accounted for using the equity method in the Consolidated Financial Statements. The following table illustrates the summarised financial information of the Group’s investment in Obgenix Software Private Limited :

	(₹ in Crores)
	As at 31.03.2023
Current Assets	33.78
Non-current Assets	31.94
Current Liabilities	(27.11)
Non-current Liabilities	(14.01)
Equity	24.60
Proportion of the Group’s ownership interest	49%
Group’s share of net assets	12.05
Intangible assets (including goodwill)	209.53
Carrying amount of the Group’s interest	221.58

	(₹ in Crores)
	Year 2022-23
Revenue	109.02
Cost of material consumed	(38.36)
Depreciation & amortisation	(11.48)
Finance cost	(3.66)
Employee benefit	(15.74)
Other expenses	(24.22)
Profit before tax	15.56
Income tax expense	(4.01)
Profit for the year	11.55
Group's share of profit for the year	5.66
Group's share of Other Comprehensive Income for the year	0.03
Group's Total Comprehensive Income for the year	5.69

Obgenix Software Private Limited, has no contingent liabilities and capital commitments as at 31st March, 2023.

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NOTE 39 : DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 :

	(₹ in Crores)							
Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	Year 2022-23		Year 2022-23		Year 2022-23		Year 2022-23	
	As % of Consolidated net assets	Net Assets	As % of Consolidated profit or loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	94.8	15,585.56	97.7	4,100.18	516.5	67.35	99.0	4,167.53
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.3	46.45	0.0	1.57	0.4	0.05	0.0	1.62
Maxbhumi Developers Limited	0.1	12.67	0.0	0.20	-	-	0.0	0.20
Sleek International Private Limited	0.6	104.67	(0.7)	(28.10)	0.9	0.12	(0.7)	(27.98)
Asian Paints PPG Private Limited	0.8	132.37	0.7	31.36	(0.8)	(0.11)	0.7	31.25
Weatherseal Fenestration Private Limited (Refer note 43(c))	0.0	7.91	(0.0)	(1.70)	-	-	(0.0)	(1.70)
Asian Paints (Polymers) Private Limited (Refer note 43(e))	1.2	197.72	(0.1)	(2.28)	-	-	(0.1)	(2.28)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.3	211.69	1.2	50.36	-	-	1.2	50.36
Asian Paints International Private Limited	2.5	406.24	(10.4)	(440.10)	-	-	(10.4)	(440.10)
Indirect Subsidiaries								
Samoa Paints Limited	0.0	3.61	0.0	0.77	-	-	0.0	0.77
Asian Paints (South Pacific) Pte Limited	0.2	36.43	0.2	6.46	-	-	0.2	6.46
Asian Paints (S.I) Limited	0.0	5.30	0.1	3.49	-	-	0.1	3.49
Asian Paints (Vanuatu) Limited	0.0	2.87	0.0	0.71	-	-	0.0	0.71
Asian Paints (Middle East) SPC*	0.9	144.68	0.6	24.89	2.5	0.33	0.6	25.22
Asian Paints (Bangladesh) Limited	0.5	88.15	(0.7)	(27.47)	(1.4)	(0.18)	(0.7)	(27.65)
SCIB Chemicals S.A.E.	0.2	33.36	0.1	2.75	-	-	0.1	2.75
Berger Paints Bahrain W.L.L.	0.3	45.87	0.3	13.91	1.0	0.13	0.3	14.04
Berger Paints Emirates LLC	0.3	47.11	(0.4)	(16.74)	(1.0)	(0.13)	(0.4)	(16.87)
Nirvana Investments Limited	0.0	2.55	-	-	-	-	-	-
Enterprise Paints Limited	(0.1)	(15.72)	-	-	-	-	-	-
Universal Paints Limited	0.1	22.08	0.3	13.36	-	-	0.3	13.36
Kadisco Paint and Adhesive Industry Share Company	0.2	40.54	0.2	9.02	(1.1)	(0.14)	0.2	8.88
PT Asian Paints Indonesia	1.0	164.56	(1.5)	(63.58)	2.1	0.27	(1.5)	(63.31)
PT Asian Paints Color Indonesia	0.0	0.89	(0.0)	(0.25)	-	-	(0.0)	(0.25)
Causeway Paints Lanka (Pvt) Ltd (Refer note 43(b))	1.0	159.07	1.1	45.40	(1.4)	(0.18)	1.1	45.22
Minority Interests in all subsidiaries	2.8	453.66	2.1	88.88	(87.9)	(11.46)	1.8	77.42
Associates								
Indian								
PPG Asian Paints Private Limited (Consolidated)	3.4	560.15	2.1	88.19	(6.1)	(0.80)	2.1	87.39
Obgenix Software Private Limited (Refer note 43(d))	1.3	221.58	0.1	5.67	0.2	0.03	0.1	5.70
Consolidation adjustments and Foreign Currency Translation Reserve (FCTR)	(13.7)	(2,276.13)	7.0	288.38	(323.9)	(42.24)	6.0	246.14
Total	100.0	16,445.89	100.0	4,195.33	100.0	13.04	100.0	4,208.37

*With effect from 15th April, 2021 - Asian Paints (Middle East) SPC (earlier known as Asian Paints (Middle East) LLC)
Note : The above figures are before eliminating intragroup transactions and intragroup balances as at 31st March, 2023. Total of intragroup adjustments (including Foreign Currency Translation Reserve) is shown as separate line item.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 39 : DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 (CONTD.) :

Name of the Company	(₹ in Crores)							
	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	Year 2021-22		Year 2021-22		Year 2021-22		Year 2021-22	
	As % of Consolidated net assets	Net Assets	As % of Consolidated profit or loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	94.0	13,349.09	101.6	3,134.72	32.0	(72.31)	107.1	3,062.41
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.3	44.84	0.2	5.16	0.1	(0.15)	0.2	5.02
Maxbhumi Developers Limited	0.1	12.46	(0.0)	(0.04)	-	-	(0.0)	(0.04)
Sleek International Private Limited	0.9	132.66	(0.3)	(9.20)	(0.1)	0.12	(0.3)	(9.08)
Asian Paints PPG Private Limited	0.7	101.13	0.5	15.38	0.1	(0.16)	0.5	15.23
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.2	177.37	1.6	48.05	-	-	1.7	48.05
Asian Paints International Private Limited	5.6	788.40	(9.3)	(288.34)	-	-	(10.1)	(288.34)
Indirect Subsidiaries								
Samoa Paints Limited	0.0	4.15	0.0	0.80	-	-	0.0	0.80
Asian Paints (South Pacific) Pte Limited	0.3	40.16	0.3	9.98	-	-	0.3	9.98
Asian Paints (S.I) Limited	0.0	4.93	0.1	2.74	-	-	0.1	2.74
Asian Paints (Vanuatu) Limited	0.0	3.73	0.0	0.87	-	-	0.0	0.87
Asian Paints (Middle East) SPC*	0.8	109.80	0.1	3.91	(0.2)	0.49	0.2	4.40
Asian Paints (Bangladesh) Limited	0.3	47.45	(0.3)	(9.09)	0.1	(0.24)	(0.3)	(9.32)
SCIB Chemicals S.A.E.	0.3	48.69	(0.8)	(24.72)	-	-	(0.9)	(24.72)
Berger Paints Bahrain W.L.L.	0.3	41.90	0.4	13.76	(0.0)	0.07	0.5	13.83
Berger Paints Emirates LLC	0.4	59.15	(1.5)	(44.85)	-	-	(1.6)	(44.85)
Nirvana Investments Limited	0.0	2.39	-	-	-	-	-	-
Enterprise Paints Limited	(0.1)	(15.41)	-	-	-	-	-	-
Universal Paints Limited	0.1	21.08	0.5	14.78	-	-	0.5	14.78
Kadisco Paint and Adhesive Industry Share Company	0.2	30.85	0.1	3.09	0.0	(0.03)	0.1	3.05
PT Asian Paints Indonesia	1.3	190.63	(2.7)	(82.74)	(0.0)	0.06	(2.9)	(82.68)
PT Asian Paints Color Indonesia	0.0	0.85	(0.0)	(0.22)	-	-	(0.0)	(0.22)
Causeway Paints Lanka (Pvt) Ltd (Refer note 43(b))	0.9	122.64	(0.0)	(0.78)	(0.2)	0.42	(0.0)	(0.37)
Minority Interests in all subsidiaries	2.7	387.53	1.8	54.24	5.9	(13.35)	1.4	40.89
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	3.6	515.47	1.0	31.57	0.0	(0.05)	1.1	31.52
Consolidation adjustments and Foreign Currency Translation Reserve (FCTR)	(14.2)	(2,022.84)	6.7	205.75	62.3	(140.53)	2.3	65.22
Total	100.0	14,199.09	100.0	3,084.81	100.0	(225.66)	100.0	2,859.15

*With effect from 15th April, 2021 - Asian Paints (Middle East) SPC (earlier known as Asian Paints (Middle East) LLC)

Note : The above figures are before eliminating intragroup transactions and intragroup balances as at 31st March, 2022. Total of intragroup adjustments (including Foreign Currency Translation Reserve) is shown as separate line item.

NOTE 40 : DETAILS OF SUBSIDIARIES AND ASSOCIATES

A) Subsidiaries :

The subsidiary companies considered in the Consolidated Financial Statements are :

i) Direct Subsidiaries

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
Asian Paints (Nepal) Private Limited	Nepal	52.71	52.71	15 th Mar 2022 -14 th Mar 2023
Asian Paints International Private Limited (APIPL)	Singapore	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Asian Paints Industrial Coatings Limited	India	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Maxbhumi Developers Limited	India	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Sleek International Private Limited	India	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Asian Paints PPG Private Limited	India	50.00	50.00	1 st Apr 2022 - 31 st Mar 2023
Weatherseal Fenestration Private Limited (Refer note 43(c))	India	51.00	-	14 th Jun 2022 - 31 st Mar 2023
Asian Paints (Polymers) Private Limited (Refer note 43(e))	India	100.00	-	11 th Jan 2023 - 31 st Mar 2023

ii) Indirect Subsidiaries

a) Subsidiaries of Asian Paints International Private Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00	1 st Apr 2022 - 31 st Mar 2023
PT Asian Paints Indonesia	Indonesia	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Asian Paints (South Pacific) Pte Limited	Republic of Fiji	54.07	54.07	1 st Apr 2022 - 31 st Mar 2023
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00	1 st Apr 2022 - 31 st Mar 2023
Asian Paints (Bangladesh) Limited^	Bangladesh	95.09	89.78	1 st Apr 2022 - 31 st Mar 2023
Asian Paints (Middle East) SPC*	Sultanate of Oman	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
SCIB Chemicals S.A.E. ®	Egypt	61.31	61.31	1 st Apr 2022 - 31 st Mar 2023
Samoa Paints Limited	Samoa	80.00	80.00	1 st Apr 2022 - 31 st Mar 2023
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00	60.00	1 st Apr 2022 - 31 st Mar 2023
Causeway Paints Lanka (Pvt) Ltd (Refer note 43(b))	Sri Lanka	99.98	99.98	1 st Apr 2022 - 31 st Mar 2023
A P International Doha Trading W.L.L.®®	Qatar	100.00	100.00	-

^ On 13th December, 2022, APIPL subscribed to right issue of Asian Paints (Bangladesh) Limited, subsidiary of APIPL, thereby increasing stake by 5.31%.

* On 7th April, 2021, APIPL entered into a Share Purchase Agreement for purchase of non-controlling interest stake (51%) in Asian Paints (Middle East) SPC (earlier known as Asian Paints (Middle East) LLC), subsidiary of APIPL (by virtue of management control). The said transaction was concluded on 14th April, 2021.

® On 31st May, 2021, APIPL completed a buyout of 1.31% stake from certain minority shareholders in SCIB Chemicals S.A.E., Egypt, subsidiary of APIPL.

On 2nd September, 2021, the National Company Law Tribunal, Mumbai approved Scheme of amalgamation (“the Scheme”) of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited (“Reno”), wholly owned subsidiary of the Parent Company, with the Parent Company.

®® Yet to commence operations

Notes to the Consolidated Financial Statements (Contd.)

NOTE 40 : DETAILS OF SUBSIDIARIES AND ASSOCIATES (CONTD.)

A) Subsidiaries (Contd.):

ii) Indirect Subsidiaries (Contd.)

b) Subsidiary of Enterprise Paints Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023

c) Subsidiary of Nirvana Investments Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
Berger Paints Emirates LLC	U.A.E.	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023

d) Subsidiary of Universal Paints Limited :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023

B) Associates :

Name of the Company	Country of Incorporation	% of Holding as at 31.03.23	% of Holding as at 31.03.22	Accounting period
PPG Asian Paints Private Limited	India	50.00	50.00	1 st Apr 2022 - 31 st Mar 2023
Subsidiaries of PPG Asian Paints Private Limited :				
Revocoat India Private Limited	India	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
PPG Asian Paints Lanka Private Limited**	Sri Lanka	100.00	100.00	1 st Apr 2022 - 31 st Mar 2023
Obgenix Software Private Limited (Refer note 43(d))	India	49.00	-	2 nd Apr 2022 - 31 st Mar 2023

** The Company has ceased its business operations during the year 2022-23.

NOTE 41 : EXCEPTIONAL ITEMS

		₹ in Crores)	
		Year 2022-2023	Year 2021-2022
1.	Expected credit loss allowance on subsidy receivable from state governments *	-	53.73
2.	Exchange loss on devaluation of Sri Lanka currency &	24.21	48.50
3.	Impairment loss on Goodwill on consolidation in Causeway Paints ^	24.66	13.47
		48.87	115.70

* During year ended 31st March 2022, the Parent Company had re-assessed the expected timing of receipt of cashflow towards subsidy receivable from the Governments in accordance with Ind AS 109 – Financial Instruments. Accordingly, an amount of ₹ 53.73 crores was computed under ‘expected credit loss’ method and recognised as an exceptional item towards subsidy receivable for earlier years provided for time value of money in the Consolidated Financial Statements for the year ended 31st March, 2022. The impact of this provision reversal/ unwinding on account of passage of time has been recognised as non-operating income in the Consolidated Financial Statements for the year ended 31st March, 2023.

& The current economic crisis in Sri Lanka has led to currency devaluation. This has resulted in recognition of an expense of ₹ 24.21 crores (Previous year - ₹ 48.50 crores) towards exchange loss arising on foreign currency obligations of Causeway Paints Lanka (Pvt) Ltd (Causeway Paints), subsidiary of the Group.

^ The Group has made an assessment of the fair value of investment made in Causeway Paints taking into account the business performance, prevailing business conditions and revised expectations of the future performance considering ongoing economic crisis in Sri Lanka. Accordingly, the Group has recognised an impairment loss of ₹ 24.66 crores (Previous year - ₹ 13.47 crores) on the ‘Goodwill on Consolidation’, recognised on acquisition of Causeway Paints. The recoverable amount of the CGU is ₹ 243.58 crores (Previous year - ₹ 262.27 crores) determined based on its fair value less costs to sell derived using Comparable Company Method (CCM) with Enterprise Value (“EV”)/ EBITDA of 5.9 times (Previous year - based on its value in use determined considering a discount rate of 20.3%).

NOTE 42 :

A competitor of the Parent Company had filed a complaint with the Competition Commission of India (CCI) alleging the Parent Company to be hindering its entry in the decorative paints market by virtue of unfair use of the Parent Company’s position of dominance in the market. The CCI had passed a prima facie Order dated 14th January, 2020 directing the Director General (“DG”) to conduct an investigation against the Parent Company under the provisions of the Competition Act, 2002. The DG submitted a detailed report to the CCI. Based on the findings of the DG’s report and after hearing both the parties, the CCI passed a favourable order on 8th September, 2022 dismissing the allegations relating to abuse of dominance and anti-competitive agreements made by the competitor. The competitor has now filed an appeal against CCI’s order before the National Company Law Appellate Tribunal. The said appeal is pending for hearing.

NOTE 43 : MERGERS, ACQUISITIONS AND INCORPORATIONS

(a) Scheme of amalgamation of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited with the Parent Company

On 2nd September, 2021, the National Company Law Tribunal, Mumbai approved Scheme of amalgamation (“the Scheme”) of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited (“Reno”), wholly owned subsidiary of the Parent Company, with the Parent Company. Pursuant to the necessary filings with the Registrars of Companies, Mumbai, the Scheme has become effective from 17th September, 2021 with the appointed date of 1st April, 2019. There is no impact of amalgamation on the Consolidated Financial Statements. The accounting treatment is in accordance with the approved scheme and Indian accounting standards.

(b) Scheme of amalgamation of Asian Paints (Lanka) Ltd. with Causeway Paints Lanka (Pvt) Ltd

On 1st April 2021, the Registrar General of Companies in Sri Lanka approved the Scheme of amalgamation of Asian Paints (Lanka) Ltd. with Causeway Paints Lanka (Pvt) Ltd., subsidiaries of Asian Paints International Private Limited (‘APIPL’). APIPL is a wholly owned subsidiary of Asian Paints Limited. This is a common control transaction and has no impact on the Consolidated Financial Statements.

(c) Equity infusion in Weatherseal Fenestration Private Limited

The Parent Company entered into Shareholders Agreement and Share Subscription Agreement entered with the promoters of Weatherseal Fenestration Private Limited (“Weatherseal”) on 1st April, 2022. Weatherseal is engaged in the business of interior decoration/furnishing, including manufacturing uPVC windows and door systems.

The Parent Company subscribed to 51% of the equity share capital of Weatherseal for a cash consideration of ₹ 18.84 crores on 14th June, 2022. Accordingly, Weatherseal became a subsidiary of the Parent Company. Further, in accordance with the Shareholders Agreement and the Share Subscription Agreement, the Parent Company has agreed to acquire further stake of 23.9% in Weatherseal from its promoter shareholders, in a staggered manner, over the next 3 years period. The Parent Company has also entered into a put contract for acquisition of 25.1% stake in Weatherseal. Accordingly, on the day of acquisition, a gross obligation towards acquisition is recognised for the same, initially measured at fair value amounting to ₹ 18.08 crores. On 31st March, 2023, fair value of the derivative asset / liability (net) is ₹ 21.46 crores. Fair valuation impact of ₹ 3.38 crores is recognised in the Consolidated Statement of Profit and Loss for the year ended 31st March 2023 towards gross obligation.

₹ in Crores)	
Assets acquired and liabilities assumed on acquisition date :	14 th June, 2022
Property, plant and equipment	0.92
Intangible assets	12.98
Current Assets	
Inventories	1.68
Trade Receivables	1.87
Cash and bank balances	18.85
Other receivables and repayments	1.65
Total Assets	37.95

Notes to the Consolidated Financial Statements (Contd.)

NOTE 43: MERGERS, ACQUISITIONS AND INCORPORATIONS (CONTD.)

(c) Equity infusion in Weatherseal Fenestration Private Limited (Contd.)

	(₹ in Crores)
Assets acquired and liabilities assumed on acquisition date :	14 th June, 2022
Current liabilities	
Trade payables and other liabilities	4.96
Other payables	14.14
Total Liabilities	19.10
Net assets acquired	18.85
	(₹ in Crores)
Goodwill arising on acquisition of stake in Weatherseal	14 th June, 2022
Cash consideration transferred (i)	18.84
Net Fair Value of Derivative Asset and Liability (ii)	1.86
Total consideration transferred [(iii) = (i)+(ii)]	20.70
Fair Value of identified assets acquired (iv)	18.85
Group share of fair value of identified assets acquired (v)	9.61
Group share of Goodwill arising on acquisition of Weatherseal [(iii)-(v)]	11.09
	(₹ in Crores)
Net cash inflow on acquisition	14 th June, 2022
Cash consideration transferred	18.84
Cash and cash equivalent acquired	18.85
Net cash and cash equivalent inflow	0.01

Impact of acquisition on the results of the Group :

Revenue from operations of ₹ 24.74 crores and Loss after tax of ₹ 3.34 crores of Weatherseal has been included in the current year's Consolidated Statement of Profit and Loss.

(d) Investment in Obgenix Software Private Limited :

The Parent Company entered into Share Purchase Agreement and other definitive documents with the shareholders of Obgenix Software Private Limited (popularly known by the brand name of 'White Teak') on 1st April, 2022. White Teak is engaged in designing, trading or otherwise dealing in all types and description of decorative lighting products and fans, etc. In accordance with the agreement, the remaining 51% of the equity share capital would be acquired in a staggered manner.

The Parent Company acquired 49% of the equity share capital of 'White Teak' on 2nd April, 2022 for a cash consideration of ~ ₹ 180 crores along with an earn out, payable after a year, subject to achievement of mutually agreed financial milestones. Accordingly, White Teak became an Associate of the Group.

On the day of acquisition, the Parent Company estimated and recognised gross obligation towards earn out for acquiring 49% stake amounting to ₹ 37.71 crores and derivative asset / liability (net) for acquiring the remaining 51% stake in White Teak at fair value with a corresponding adjustment in the cost of investment amounting to ₹ 1.32 crores. On 31st March, 2023, fair value of earn out is ₹ 58.97 crores and that of derivative asset / liability (net) is ₹ 3.85 crores. Fair valuation impact of ₹ 21.26 crores and ₹ 5.17 crores is recognised in the Consolidated Statement of Profit and Loss for the year ended 31st March 2023 towards earn out and derivative contracts respectively.

(e) Incorporation of Asian Paints (Polymers) Limited :

On 11th January, 2023, the Parent Company incorporated a wholly owned subsidiary named Asian Paints (Polymers) Private Limited ('APPPL') for manufacturing of Vinyl Acetate Monomer and Vinyl Acetate Ethylene Emulsion in India. The Parent Company invested ₹ 200 crores in equity share capital of APPPL in the current year, thus subscribing to 20 crores equity shares of APPPL having a face value of ₹ 10 each.

NOTE 43 : MERGERS, ACQUISITIONS AND INCORPORATIONS (CONTD.)

(f) Agreement for acquisition of stake in Harind Chemicals and Pharmaceuticals Private Limited :

The Parent Company entered into Share Purchase Agreement and other definitive documents with the shareholders of Harind Chemicals and Pharmaceuticals Private Limited ('Harind') on 20th October, 2022 for purchase of majority stake over a period of 5 years, subject to fulfilment of certain conditions precedent in a staggered manner. Harind is a specialty chemicals company engaged in the business of nanotechnology-based research, manufacturing, and sale of a range of additives and specialized coatings.

On fulfilment of pre-condition, the acquisition would happen in the following manner :

- (i) First tranche of 51% would be acquired for a consideration of ₹ 12.75 crores (approx.); and
- (ii) Second tranche of 19% and third tranche of 20% would be acquired during the FY 2023 - 24 and FY 2027 - 28, respectively, on such consideration as agreed between the Parent Company and the existing shareholders based on achievement of certain financial targets.

(g) Incorporation of Asian White Cement Holding Limited :

The Parent Company has incorporated a subsidiary Company - Asian White Cement Holding Limited ('AWCHL') along with other partners in Dubai International Financial Centre, UAE on 2nd May, 2023 as the holding Company for the purpose of setting up an operating Company in Fujairah, UAE. The Parent Company is currently in the process of infusing capital in AWCHL and will hold 70% stake.

NOTE 44 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013

(i) Details of struck off companies with whom the Group has transaction during the year or outstanding balance as on Balance Sheet date :

(₹ in Crores)				
Name of the Entity	Name of Struck off Company	Nature of transactions with struck-off Company	As at 31.03.2023	As at 31.03.2022
Asian Paints Limited	Citi Square Modular Industries Private Limited ^{(1) (2)}	Receivables	0.09	0.09
Asian Paints Limited	D.R. Retails Private Limited ^{(1) (2)}	Receivables	0.01	0.01
Asian Paints Limited	K.A.S. Housing Private Limited ^{(1) (2)}	Receivables	0.01	0.01
Asian Paints Limited	Paint Shades Private Limited	Receivables	0.35	0.23
Asian Paints Limited	Tirupati Suppliers Private Limited ^{(1) (2)}	Receivables	0.40	0.40
Asian Paints Limited	Viva Concrete Technologies Private Limited ^{(1) (2)}	Receivables	0.02	0.02
Asian Paints Limited	Dte Events Private Limited	Payables	-	-
Asian Paints Limited	Gomistri Services Private Limited	Payables	-	#
Asian Paints Limited	Khatushyam Engineers Private Limited ⁽²⁾	Payables	(0.01)	(0.01)
Asian Paints Limited	Maxin Hydro Dynamic India Private Limited ⁽²⁾	Payables	-	-
Asian Paints Limited	Milestone Market Research and Event Management Private Limited ⁽²⁾	Payables	-	-
Asian Paints Limited	S E Security Services Private Limited ⁽²⁾	Payables	-	-
Asian Paints Limited	Swarna Homes Private Limited	Payables	0.04	-
Asian Paints Limited	Vanshika Tours and Travels Private Limited	Payables	(0.04)	(0.03)
Asian Paints Limited	Alliance Invest and Finance Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Boi Finance Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Chinmaya Estates Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Empyrean Consultant Private Limited	Unclaimed Dividend	#	#

Notes to the Consolidated Financial Statements (Contd.)

NOTE 44 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013 (CONTD.)

(i) Details of struck off companies with whom the Group has transaction during the year or outstanding balance as on Balance Sheet date (Contd.) :

(₹ in Crores)				
Name of the Entity	Name of Struck off Company	Nature of transactions with struck-off Company	As at 31.03.2023	As at 31.03.2022
Asian Paints Limited	Fairgrowth Financial Services Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Fairgrowth Investments Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Fairtrade Securities Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Kinnari Investments Private Limited	Unclaimed Dividend	0.01	0.01
Asian Paints Limited	Mulraj Holdings & Finance Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Optimist Finvest and Trading Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Palkhi Investment and Trading Company Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Pax Holdings Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Safna Consultancy Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Salil Archana Invests Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Siddha Papers Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Smita Commercial Investment Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Sunhari Trading and Commerce Private Limited	Unclaimed Dividend	#	#
Asian Paints Limited	Unicon Fincap Private Limited	Unclaimed Dividend	#	#
Asian Paints PPG Private Limited	Surface Care Technologist Pvt Ltd ^{(1) (2)}	Receivables	0.21	0.21
Asian Paints PPG Private Limited	Algypug Enclosures Private Limited ^{(1) (2)}	Receivables	0.05	0.05
Asian Paints PPG Private Limited	Ssgm Sales India Private Limited ^{(1) (2)}	Receivables	0.03	0.03
Asian Paints PPG Private Limited	G.S. Lighting (P) Ltd ^{(1) (2)}	Receivables	0.05	0.05
Asian Paints PPG Private Limited	Urban Water Supply Private Limited ^{(1) (2)}	Receivables	#	#
Asian Paints PPG Private Limited	Pyrotech Electronics Pvt. Ltd	Receivables	#	-
Sleek International Private Limited	Naveli Décor Private Limited	Receivables	(0.02)	-
Sleek International Private Limited	Sarovar Portico	Payables	-	-
Sleek International Private Limited	Renest-Unique Mercantile India Ltd.	Payables	-	-

⁽¹⁾ The Company has made provision for doubtful debts for the balances.

⁽²⁾ There were no new transactions with these companies during the year.

Below struck off companies are equity shareholders of the Parent Company as on the Balance Sheet date

Name of the Entity	Name of Struck off Company	Nature of transactions with struck-off Company
Asian Paints Limited	Shanti Credit and Holdings Pvt Ltd	Shares held by struck off Company
Asian Paints Limited	Safna Consultancy Pvt Ltd	Shares held by struck off Company
Asian Paints Limited	Siddha Papers Pvt Ltd	Shares held by struck off Company
Asian Paints Limited	Fairtrade Securities Ltd	Shares held by struck off Company
Asian Paints Limited	Unicon Fincap Private Ltd	Shares held by struck off Company
Asian Paints Limited	Fairgrowth Investments Ltd	Shares held by struck off Company
Asian Paints Limited	Fairgrowth Financial Services Ltd	Shares held by struck off Company
Asian Paints Limited	Empyrean Consultant Pvt Ltd	Shares held by struck off Company
Asian Paints Limited	Aloke Speciality Machines and Components Pvt Ltd	Shares held by struck off Company

None of the above mentioned struck off companies are related party of the Group.

NOTE 44 : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III TO THE COMPANIES ACT, 2013 (CONTD.)

(ii) The Parent and Indian subsidiaries do not have any benami property held in its name. No proceedings have been initiated on or are pending against the Parent and Indian subsidiaries for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(iii) The Parent and Indian Subsidiaries have not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(iv) The Parent and Indian Subsidiaries have complied with the requirement with respect to number of layers as prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

(v) Utilisation of borrowed funds and share premium

I The Parent and Indian Subsidiaries have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall :

- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II The Parent and Indian Subsidiaries have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Parent and Indian Subsidiaries shall :

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(vi) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

(vii) The Group has not traded or invested in crypto currency or virtual currency during the year.

(viii) The Parent and Indian Subsidiaries do not have any charges or satisfaction of charges which is yet to be registered with ROC beyond the statutory period.

(ix) The Parent and Indian Subsidiaries have working capital facilities sanctioned by bank on the basis of security of current assets, inventories and trade receivables. Quarterly statements of current assets filed by the Parent and Indian subsidiaries with bank are in agreement with the books of accounts. The Group has not used borrowings for purpose other than specified purpose of the borrowing.

NOTE 45 :

The Consolidated Financials Statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on 11th May, 2023.

FORM AOC-I : Statement containing salient features of the Financial Statements of Subsidiaries, Associate Company and Joint Ventures

(Pursuant to first proviso to sub section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

PART “A”: SUBSIDIARIES

Sl No.	Name of the Subsidiary	Reporting Currency	Exchange Rate	Reporting period	Share Capital	Reserves & Surplus	Total Liabilities	Total Assets	Investments^	Turnover	PBT	Tax provision	PAT*	Dividends for the year	% of Share holding
All figures except exchange rates in ₹ crores															
1	Asian Paints (Bangladesh) Limited	BDT	0.77	Apr-22 to Mar-23	141.65	(48.94)	304.30	397.00	-	427.55	(14.99)	(11.93)	(26.92)	-	95.09
2	Asian Paints (Middle East) SPC	OMR	213.49	Apr-22 to Mar-23	23.95	120.72	114.15	258.83	-	325.55	29.99	(4.51)	25.47	-	100.00
3	Asian Paints (Nepal) Private Limited	NPR	0.63	14-Mar-22 to 14-Mar-23	3.86	397.75	161.25	562.86	-	545.22	115.61	(20.06)	95.55	27.01	52.71
4	Asian Paints (S.I.) Limited	SBD	10.14	Apr-22 to Mar-23	0.64	6.43	2.97	10.04	-	14.01	4.82	(0.04)	4.78	4.74	75
5	Asian Paints (South Pacific) Pte Limited	FJD	37.63	Apr-22 to Mar-23	5.40	61.98	37.99	105.37	-	112.86	14.96	(2.75)	12.21	21.45	54.07
6	Asian Paints (Vanuatu) Limited	VUV	0.70	Apr-22 to Mar-23	2.17	2.62	0.59	5.38	-	6.71	1.21	-	1.21	3.03	60
7	Asian Paints Industrial Coatings Limited	INR	1.00	Apr-22 to Mar-23	30.45	16.00	5.26	51.71	26.48	19.50	1.57	-	1.57	-	100
8	Asian Paints International Private Limited	SGD	61.76	Apr-22 to Mar-23	928.32	(522.08)	662.78	1,069.02	-	-	(460.82)	(4.30)	(465.12)	-	100
9	Berger Paints Bahrain W.L.L.	BHD	218.13	Apr-22 to Mar-23	9.12	36.76	37.07	82.95	-	125.27	14.25	-	14.25	13.63	100
10	Berger Paints Emirates LLC	AED	22.38	Apr-22 to Mar-23	39.83	44.87	249.36	334.07	-	480.36	(17.14)	-	(17.14)	-	100
11	Kadisco Paint and Adhesive Industry Share Company	ETB	1.52	Apr-22 to Mar-23	55.50	24.00	120.13	199.62	1.22	182.64	25.52	(7.86)	17.66	0.02	51
12	Enterprise Paints Limited	GBP	101.39	Apr-22 to Mar-23	1.48	(17.19)	15.72	#	-	-	-	-	-	-	100
13	Maxbhumi Developers Limited	INR	1.00	Apr-22 to Mar-23	0.42	12.25	0.03	12.69	-	-	0.30	(0.09)	0.20	-	100
14	Nirvana Investments Limited	GBP	101.39	Apr-22 to Mar-23	#	1.92	-	1.92	-	-	-	-	-	-	100
15	Samoa Paints Limited	WST	30.99	Apr-22 to Mar-23	0.28	4.23	1.30	5.81	-	8.74	1.34	(0.36)	0.98	1.81	80
16	SCIB Chemicals S.A.E.	EGP	2.67	Apr-22 to Mar-23	4.81	49.60	173.53	227.94	-	362.14	3.89	(0.65)	3.24	-	61.307
17	Universal Paints Ltd	GBP	101.39	Apr-22 to Mar-23	4.35	14.30	-	18.65	-	74.47	(65.36)	-	(65.36)	-	100
18	PT Asian Paints Indonesia	IDR	0.01	Apr-22 to Mar-23	545.23	(380.66)	45.41	209.97	-	-	(0.26)	-	(0.26)	-	100
19	PT Asian Paints Color Indonesia	IDR	0.01	Apr-22 to Mar-23	17.35	(16.46)	0.09	0.98	-	439.83	(28.10)	-	(28.10)	-	100
20	Sleek International Private Limited	INR	1.00	Apr-22 to Mar-23	0.29	104.38	179.91	284.58	#	-	-	-	-	-	100
21	Causeway Paints Lanka (Pvt) Limited	LKR	0.25	Apr-22 to Mar-23	51.86	107.24	147.48	306.58	-	342.23	65.47	(14.66)	50.81	11.11	99.98
22	Weatherseal Fenestration Private Limited	INR	1.00	9-Mar-22 to 31-Mar-23	0.02	15.49	18.45	33.96	-	24.74	(4.43)	1.09	(3.34)	-	51
23	Asian Paints (Polymers) Private Limited	INR	1.00	11-Jan-23 to 31-Mar-23	200.00	(2.28)	13.04	210.75	72.50	-	(2.28)	-	(2.28)	-	100
24	AP International Doha Trading WLL	QAR	22.58	-	-	-	-	-	-	-	-	-	-	-	-
1. Names of subsidiaries which are yet to commence operations															
2. Names of subsidiaries which have been liquidated or sold during the last year.															

NOTE:

1. Asian Paints Limited subscribed to 51% of the equity share capital of Weatherseal Fenestration Private Limited (Weatherseal) on 14th June, 2022. Accordingly, Weatherseal became a subsidiary of the Asian Paints Limited.
2. On 11th January, 2023, Asian Paints Limited incorporated a wholly owned subsidiary named Asian Paints (Polymers) Private Limited (‘APPP’).

^ Investments other than in subsidiary companies

Amounts less than ₹ 50,000/-

* PAT does not include Other Comprehensive Income.

Note - Indian rupees equivalent of the foreign currency translated at the exchange rate as at 31st March, 2023.

PART “B” : JOINT VENTURES AND ASSOCIATE COMPANY

Sl No.	Name of Joint Ventures/ Associate	Asian Paints PPG Private Limited	PPG Asian Paints Private Limited	Obgenix Software Private Limited
1	Latest audited Balance Sheet Date	31 st March, 2023	31 st March, 2023	31 st March, 2023
2	Shares of Joint Ventures/ Associate held by the Company as at year end (number of shares)	52,43,961	2,85,18,112	1,96,490
	Amount of Investment in Joint Ventures/ Associate	₹ 30.47 crores	₹ 81.43 crores	₹ 215.88 crores
	Extent of Holding %	50%	50%	49%
3	Description of how there is significant influence	Not Applicable	Not Applicable	Not Applicable
4	Reason why the joint venture/ associate is not consolidated	Consolidated	Consolidated	Consolidated
5	Net worth attributable to Shareholders as per latest audited Balance Sheet	₹ 132.37 crores	₹ 560.16 crores	₹ 12.05 crores
6	Profit for the year			
	i. Considered in Consolidation	₹ 62.72 crores	₹ 88.19 crores	₹ 5.66 crores
	ii. Not Considered in Consolidation	NIL	₹ 88.19 crores	₹ 5.89 crores

1. Names of joint ventures/ associate which are yet to commence operations - NIL
2. Names of joint ventures/ associate which have been liquidated or sold during the year - NIL

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN : L24220MH1945PLC004598

Deepak Satwalekar
Chairman
DIN : 00009627

Amit Syngle
Managing Director & CEO
DIN : 07232566

Milind Sarwate
Chairman of Audit Committee
DIN : 00109854

R J Jeyamurugan
CFO & Company Secretary

Mumbai
11th May, 2023

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* Limited Assurance
Reasonable Assurance

Assurance Certificate

Independent practitioner’s Limited assurance report on Identified Sustainability Indicators in Asian Paints Limited’s Integrated Annual Report and Business Responsibility and Sustainability Report

To the Board of Directors of Asian Paints Limited

We have undertaken to perform a limited assurance engagement for Asian Paints Limited (the ‘Company’) vide our Engagement Letter in respect of the agreed indicators listed below (the “Identified Sustainability Indicators”). These indicators are as included in the “GRI content index” in the Integrated Annual Report and the Business Responsibility and Sustainability Report (BRSR) of the Company for the year ended March 31, 2023. The reporting boundary for BRSR is as disclosed in Question 13 of Section A of the BRSR, with exceptions, if any, been disclosed as a note under the respective questions under BRSR.

Identified Sustainability Indicators

The Identified Sustainability Indicators for the year ended March 31, 2023 are summarised in Appendix 1 to this report.

Our limited assurance engagement was with respect to the year ended March 31, 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Integrated Annual Report and BRSR and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by Asian Paints Limited are:

Criteria 1: Global Reporting Initiatives Standards (“GRI Standards”) 2021, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the Integrated Annual Report.

Criteria 2: Guidance note for BRSR format, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the BRSR.

Management’s Responsibility

The Company’s Management is responsible for identification of key aspects of Integrated Annual Report and BRSR, engagement with stakeholders, content and presentation of the Integrated Annual Report and BRSR in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Integrated Annual Report and BRSR, and measurement of Identified Sustainability Indicators, which are free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial indicators allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Certificate

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Indicators based on the procedures we have performed and evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Indicators are free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Criteria as the basis for the preparation of the Identified Sustainability Indicators, assessing the risks of material misstatement of the Identified Sustainability Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Obtained an understanding of the identified sustainability indicators and related disclosures.
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and /or measurements of the identified sustainability indicators.
- Made enquiries of Company’s Management, including those responsible for Sustainability, Environment Social Governance (ESG), Corporate Social Responsibility (CSR), etc., and those with responsibility for managing the Company’s Integrated Annual Report and/ or BRSR.
- Obtained an understanding and performed an evaluation of the design of the key systems, processes and controls for managing, recording and reporting on the Identified Sustainability Indicators including at the sites and corporate office visited.
- Based on that understanding, the risks that the selected information may be materially misstated and determining the nature, timing and extent of further procedures.
- Checked the consolidation for various sites and corporate office under the reporting boundary (as mentioned in the Integrated Annual Report and BRSR) for ensuring the completeness of data being reported.
- Performed limited substantive testing on a sample basis of the Identified Sustainability Indicators at corporate head office, and 9 other sites located at Ankleshwar, Kasna, Rohtak, Khandala, Patancheru, Vizag, Mysore, Sriperumbudur and Penta, to verify that data had been appropriately measured with underlying documents recorded, collated and reported.
- Assessed records and performed testing including recalculation of sample data.
- Assessed the level of adherence to GRI Standards followed in preparing the Integrated Annual Report and to the ‘Guidance note for BRSR format’ issued by Securities and Exchange Board of India (SEBI) and followed by the Company in preparing the BRSR.
- Assessed the Integrated Annual Report and BRSR for detecting, on a test basis, any major anomalies between the information reported in the Integrated Annual Report and BRSR on performance with respect to agreed indicators and relevant source data/information.
- Obtained representations from Company’s Management.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Identified Sustainability Indicators have been prepared, in all material respects, in accordance with the Criteria.

Exclusions

Our limited assurance scope excludes the following and therefore we do not express a conclusion on the same:

- Testing the operating effectiveness of management systems and controls;
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Integrated Annual Report and BRSR not agreed under our engagement letter/ Scope of Assurance
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company’s Identified Sustainability Indicators included in the Integrated Annual Report and BRSR for the year ended March 31, 2023 are not prepared, in all material respects, in accordance with the respective criteria.

Restriction on Use

Our limited assurance report, including the conclusion, has been prepared and addressed to the Board of Directors of the Asian Paints Limited at the request of the company solely to assist the Company in reporting on the Company’s Sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/500016

Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWPNC9682

Place: Gurugram

Date: June 2, 2023

Assurance Certificate

Appendix 1

Identified Sustainability Indicators

S. No	Reporting standard	Indicator Number*	Name of the indicator
1	GRI	205-3	Confirmed incidents of corruption and actions taken
2	GRI	413-1	Operations with local community engagement, impact assessments, and development programs
3	GRI	406-1	Incidents of discrimination and corrective actions taken
4	BRSR	Section A – 18b	Differently abled Employees and workers
5	BRSR	Section A – 23	Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct
6	BRSR	Section C – Principle 3 – E7	Membership of employees and worker in association(s) or Unions recognised by the listed entity
7	BRSR	Section C – Principle 5 – E1	Number of Employees and workers who have been provided training on human rights issues and policies of the entity
8	BRSR	Section C – Principle 5 – E6	Number of Complaints on (Sexual Harassment, Discrimination at workplace, Child Labour, Forced Labour/Involuntary Labour, Wages and Other human rights related issues) made by employees and workers

**For BRSR indicators, “E” indicates Essential indicator*

Assurance Certificate

Independent practitioner’s Reasonable assurance report on Identified Sustainability Indicators in Asian Paints Limited’s Integrated Annual Report and Business Responsibility and Sustainability Report

To the Board of Directors of Asian Paints Limited

We have undertaken to perform a reasonable assurance engagement for Asian Paints Limited (the ‘Company’) vide our Engagement Letter in respect of the agreed Indicators listed below (the ‘Identified Sustainability Indicators’) in accordance with the Criteria stated below. These indicators are as included in the “GRI content index” in the Integrated Annual Report and the Business Responsibility and Sustainability Report (BRSR) of the Company for the year ended March 31, 2023. The reporting boundary for BRSR is as disclosed in Question 13 of Section A of the BRSR, with exceptions, if any, been disclosed as a note under the respective questions under BRSR.

Identified Sustainability Indicators

The Identified Sustainability Indicators for the year ended March 31, 2023 are summarized in Appendix 1 to this report.

Our reasonable assurance engagement was with respect to the financial year ended March 31, 2023, information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Integrated Annual Report and BRSR and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by Asian Paints Limited are:

Criteria 1: Global Reporting Initiatives Standards (“GRI Standards”) 2021, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the Integrated Annual Report.

Criteria 2: Guidance note for BRSR format, as set out under Appendix 1 to this report, to prepare Identified Sustainability Indicators for inclusion in the BRSR.

Management’s Responsibility

The Company’s management is responsible for identification of key aspects of Integrated Annual Report and BRSR, engagement with stakeholders, and content and preparation of the Integrated Annual Report and BRSR in accordance with the Criteria mentioned above. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Integrated Annual Report and BRSR and the measurement of the Identified Sustainability Indicators, which is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, Greenhouse gas (‘GHG’) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Assurance Certificate

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on the Identified Sustainability Indicators based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and International Standard on Assurance Engagements 3410 ‘Assurance Engagements on Greenhouse Gas Statements’, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain reasonable assurance about whether the Identified Sustainability Indicators are prepared, in all material respects, in accordance with the reporting criteria.

A reasonable assurance engagement involves assessing the risks of material misstatement of the agreed indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Obtained an understanding of the identified sustainability indicators and related disclosures
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and /or measurements of the identified sustainability indicators
- Made enquiries of Company's Management, including those responsible for Sustainability, Environment Social Governance ('ESG'), Corporate Social Responsibility ('CSR'), etc., and those with responsibility for managing the Company's Integrated Annual Report and BRSR
- Obtained an understanding and performed an evaluation of the design of the key systems, processes and controls for managing, recording and reporting on the Identified Sustainability Indicators including at the sites and corporate office visited
- Based on that understanding, the risks that the selected information may be materially misstated and determining the nature, timing and extent of further procedures
- Checked the consolidation for various sites and corporate office under the reporting boundary (as mentioned in the Integrated Annual Report and BRSR) for ensuring the completeness of data being reported
- Based on above understanding and the risks that the identified sustainability indicators may be materially misstated, determined the nature, timing and extent of further procedures
- Performed substantive testing on a sample basis of the Identified Sustainability Indicators at corporate head office, and 9 others sites located at Ankleshwar, Kasna, Rohtak, Khandala, Patancheru, Vizag, Mysore, Sriperumbudur and Penta, to verify that data had been appropriately measured with underlying documents recorded, collated and reported
- Assessed records and performed testing including recalculation of sample data
- Reviewed records and performed testing including recalculation of sample data
- Assessed the level of adherence to GRI Standards followed in preparing the Integrated Annual Report and to the 'Guidance note for BRSR format' issued by Securities and Exchange Board of India (SEBI) followed by the Company in preparing the BRSR
- Assessed the Integrated Annual Report and BRSR for detecting, on a test basis, any major anomalies between the information reported in the Integrated Annual Report and BRSR on performance with respect to agreed indicators and relevant source data/information
- Obtained representations from Company's Management

Exclusions:

Our reasonable assurance scope excludes the following and therefore we do not express an opinion on the same:

- Testing the operating effectiveness of management systems and controls;
- Performing any procedures over other information/operations of the company/aspects of the report and data (qualitative or quantitative) included in the Integrated Annual Report and BRSR not agreed under our engagement letter/ Scope of Assurance
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

Opinion

Based on the procedures we have performed and the evidence we have obtained, the Company’s Identified Sustainability Indicators in the Integrated Annual Report and BRSR for the year ended March 31, 2023 are prepared in all material respects, in accordance with the respective Criteria.

Restriction on use

Our Reasonable Assurance report, including the opinion, has been prepared and addressed to the Board of Directors of Asian Paints Limited at the request of the Company solely, to assist the Company in reporting on Company’s sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addressees of our deliverables. The firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our deliverables are shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/500016

Heman Sabharwal
Partner
Membership Number: 093263
UDIN: 23093263BGWPND3666

Place: Gurugram
Date: June 2, 2023

Assurance Certificate

Appendix 1

Identified Sustainability Indicators

S. No	Reporting standard	Indicator Number*	Name of the indicator
1	GRI	301-2	Recycled Input Materials Used
2	GRI	302-1	Energy consumption within the organization
3	GRI	302-3	Energy intensity
4	GRI	303-3	Water withdrawal
5	GRI	303-5	Water consumption
6	GRI	305-1	Direct (Scope 1) GHG emissions
7	GRI	305-2	Energy indirect (Scope 2) GHG emissions
8	GRI	305-4	GHG emissions intensity
9	GRI	305-5	Reduction of GHG emissions
10	GRI	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
11	GRI	306-3	Waste generated
12	GRI	401-1	New employee hires and employee turnover
13	GRI	401-3	Parental leave
14	GRI	405-1	Diversity of governance bodies and employees
15	BRSR	Section A – 18a	Details of Employees and Workers (including Persons with Disabilities)
16	BRSR	Section A – 19	Number and percentage Gender Diversity of Representation of Women in Board of Directors and Key Managerial Personnels
17	BRSR	Section A – 20	Turnover Rate of Employees (Permanent Employees & Permanent worker)
18	BRSR	Section C – Principle 3 – E2	Details of retirement benefits, for Current Financial Year (excluding amounts deducted and deposited with the authority)
19	BRSR	Section C – Principle 3 – E5	Return to work and Retention rates of permanent employees and workers that took parental leave
20	BRSR	Section C – Principle 3 – E11	Details of safety related incidents
21	BRSR	Section C – Principle 5 – E3	Details of remuneration/salary/wages for Male and Female
22	BRSR	Section C – Principle 6 – E1	Details of total energy consumption (in Joules or multiples)*
23	BRSR	Section C – Principle 6 – E3	Total volume of water withdrawal & water consumption in Kiloliters#
24	BRSR	Section C – Principle 6 – E5	Air emissions (other than GHG emissions)#
25	BRSR	Section C – Principle 6 – E6	GHG Emissions (Scope 1 & Scope 2)*
26	BRSR	Section C – Principle 6 – E8	Total Waste generated (Waste recovered & Waste Disposed not part of assurance scope)
27	BRSR	Section C – Principle 6 – L1	Break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources

**For BRSR indicators, "E" indicates Essential indicator & "L" indicates Leadership indicator*

Excludes intensity related indicators, not part of assurance scope

NOTES

[illegible]



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Asian Paints is India's leading paint and décor company

with a group turnover of ₹ 345 billion. Asian Paints along with its subsidiaries operates in 15 countries and has 27 paint manufacturing facilities in the world serving consumers in 60+ countries. Besides Asian Paints, the group operates across the world through its various brands viz. Asian Paints Berger, Apco Coatings, SCIB Paints, Taubmans, Asian Paints Causeway and Kadisco Asian Paints. Asian Paints also offers a wide range of Home Décor products and is an emerging strong player in the Home Décor space in India.

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