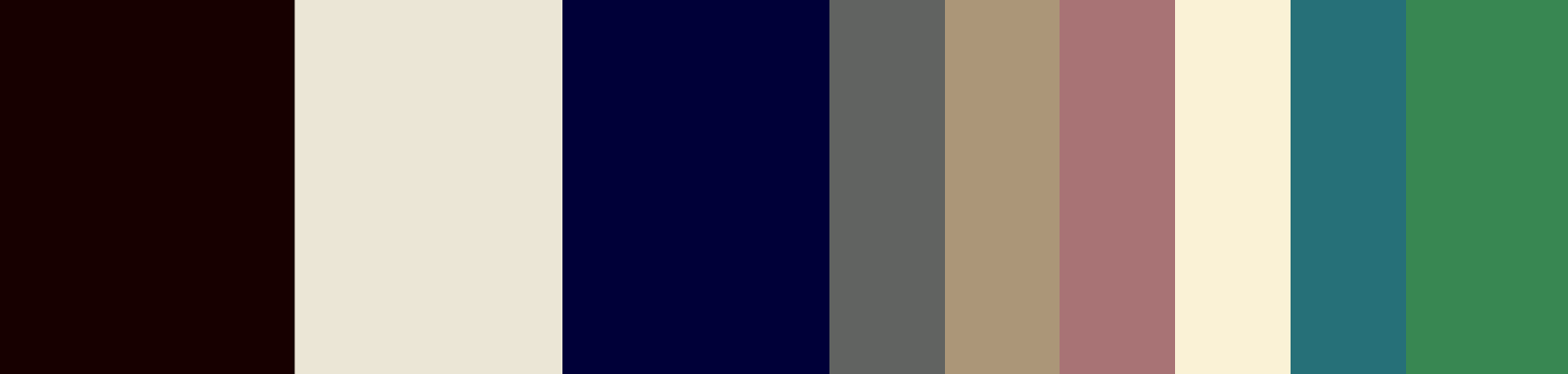


asianpaints

Asian Paints Limited | Annual Report 2008-2009



Board of Directors

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil

P. M. Murty
Managing Director & CEO

Mahendra Choksi

Amar Vakil

Hasit Dani

Ms. Tarjani Vakil
Chairperson of Audit Committee

Dipankar Basu

Mahendra Shah

Deepak Satwalekar

R. A. Shah

Dr. S. Sivaram

Audit Committee

Ms. Tarjani Vakil
Chairperson

Mahendra Shah

Dipankar Basu

Remuneration Committee

Dipankar Basu
Chairman

Ms. Tarjani Vakil

Deepak Satwalekar

Shareholders / Investors Grievance Committee

Mahendra Shah
Chairman

Abhay Vakil

P. M. Murty

Mahendra Choksi

Hasit Dani

Share Transfer Committee

Abhay Vakil
Chairman

Ashwin Choksi

Ashwin Dani

Jayesh Merchant

Company Secretary

Jayesh Merchant

Auditors

Shah & Co., Chartered Accountants

B S R & Associates, Chartered Accountants

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Chairman's Letter



Ashwin Choksi
Chairman

Dear Shareholders,

These are extraordinary times that we are living in! All major economies of the world are under severe stress because of the collapse of their economic growth. The dramatic scale and speed of the global "financial tsunami" has far exceeded anybody's imagination. The policy response across countries to stall the downward spiral has been unprecedented. How the economies would react to these stimuli and when they would stabilize is anybody's guess.

A similar theme has been underway in India, emphasizing the fact that we are well and truly "coupled" with the global environment. There has been a demand slowdown impacting both, exports as well as domestic consumption. Services sector, especially IT, has been severely impacted due to the protectionist policies now being resorted to in developed world. The domestic credit market has also seen a relative freeze, raising the funding cost for corporates. The Government of India's stimulus packages, to spur economic activity, has led to widening of fiscal and trade deficits. All this has meant that the surging Indian economy has seen a relative slowdown in 2008-09 and in all probability will grow at around 6.5% compared to 9% in 2007-08.

The global financial turmoil has had an adverse impact even in other markets where the group operates in, especially in the Gulf region. It has also resulted in extreme volatility in exchange rates as well as commodity and chemical prices. Crude oil prices spiraled to dizzy height and then crashed with the same ferocity, key raw materials like pigments and monomers saw major increase in prices. Rupee exhibited extreme volatility and traded between high of Rs. 39 to the US\$ and low of Rs. 52 to the US\$ during the year. These extreme conditions necessitated drastic reactions. In the domestic market, paint prices had to be increased six times and then reduced thrice, which has been unprecedented.

In these difficult times, your Company has done well to grow its consolidated sales by 24% in value terms to Rs. 5463 crores in FY 2008-09. After a very buoyant first half, demand conditions were sluggish in the third quarter of FY 2008-09. But the speed with which we were able to recover in the fourth quarter has only strengthened my confidence in our ability to take things in our stride. We consciously pursued a strategy of growth with

reduced margins in domestic paints business. Consequently, the consolidated PAT after minority interest for the full year reduced by 2.8% to Rs. 398 crores.

Over the years, we have successfully undertaken several initiatives in line with our basic strategy of adopting a more consumer centric approach for meeting the customers' ever changing expectations. We have been building on the strong existing dealer network to provide a more appropriate shopping ambience and expertise in colour and decor marketing to the consumers. A prime example of this approach is our "Colour with Asian Paints", the international award winning and unique Asian Paints Signature Store in Bandra (West), Mumbai, which I would urge each one of you to visit and get inspired by.

In my letter to you as early as in June 1999, I had mentioned that "Companies with good board governance practices are regarded as companies with shareholder value focus where long term values are not sacrificed at the altar of short term returns". The truth of this statement was brought home rudely when gigantic corporations crumbled and investors lost their confidence in them due to their disregard for good corporate governance practices and lack of openness, integrity and accountability. This has not only vindicated our long standing belief in fostering the principles of trust and transparency within the organization, but has made our resolve to pursue this path even stronger.

Looking ahead, the world economy is expected to witness contraction in 2009. Given the inter-link with global markets, growth in India would depend on how the global scenario unfolds. The decisive mandate in the national general elections would help in allaying the fears of political instability and would boost the sentiments in the domestic economy. The GDP growth forecast for India is being placed between 5-6%. Paint demand would depend on the overall economic situation, which is currently reasonably buoyant in Tier II and Tier III towns. Growth would be a challenge in the industrial and automotive paints segment while the chemical business would continue to be managed for value. In the International markets, the strategy would be to review the portfolio and grow the top line with focus on profitability and credit risk. Middle East and South Asia regions are expected to drive growth performance.

An organization's future is as certain as its ability to mould itself to the changing environment. A disposition to change thus signals a potential to grow. Hence, in this dynamically changing environment, the Board of your Company took a momentous decision of appointing Mr. P. M. Murty, an Asian Paints veteran of 38 years, as the Managing Director & CEO with effect from 1st April, 2009. It is a change that represents the ongoing process of corporate transformation in response to the contextual realities. It is also a change that ensures continuity and further enhances the symbiotic relationship between the entrepreneurs and the professionals towards delivering stakeholder value with highest levels of corporate governance.

I am confident that your Company, under the able leadership of Mr. P. M. Murty, will convert adversities into opportunities and continue its forward surge. This confidence also arises from the knowledge that your Company has an immensely talented pool of people at all levels who have withstood the challenges of the ever changing environment and have contributed consistently to the remarkable growth of your Company.

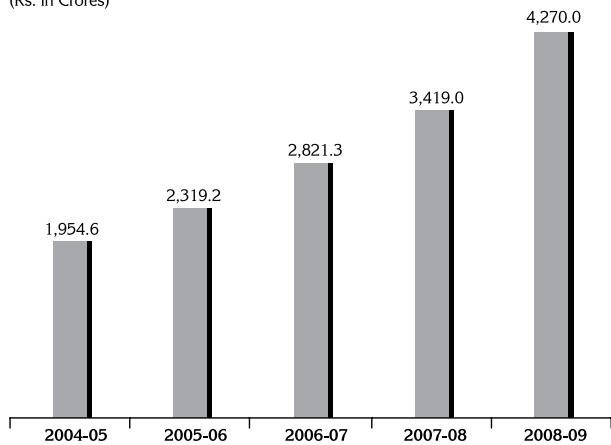
Last but not the least, I along with my colleagues, thank you for your continued support and confidence shown during all these years, which have been a source of great inspiration to us.

Warm regards,

Ashwin Choksi
Ashwin Choksi

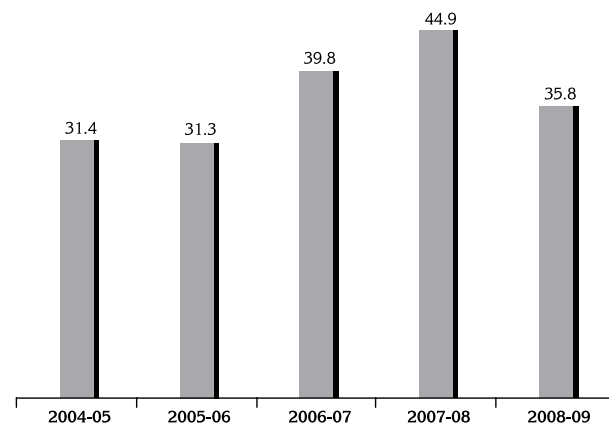
Net Sales and Operating income

(Rs. in Crores)



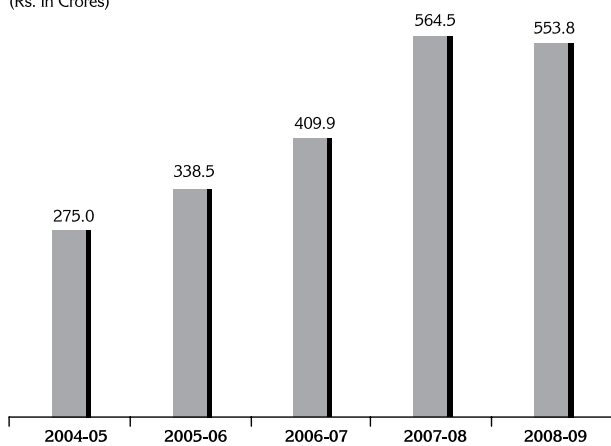
Return on Network

(In %)



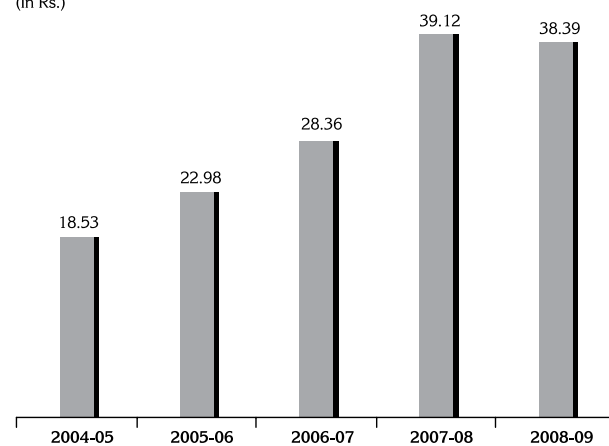
Profit before Tax and exceptional item

(Rs. in Crores)



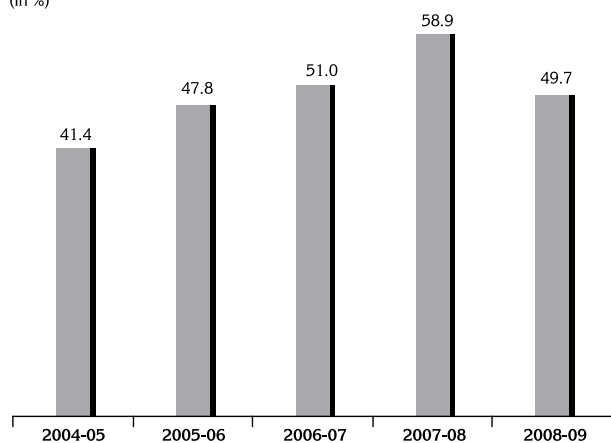
Earnings Per Share before exceptional item

(In Rs.)



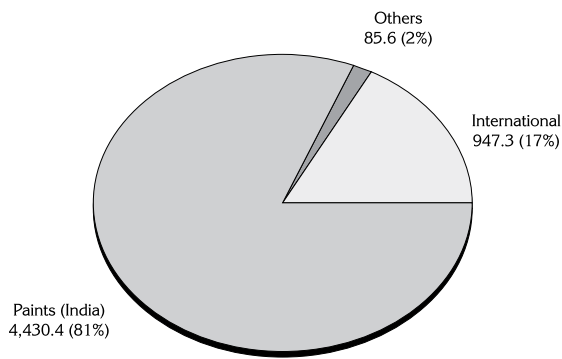
Return on capital employed

(In %)

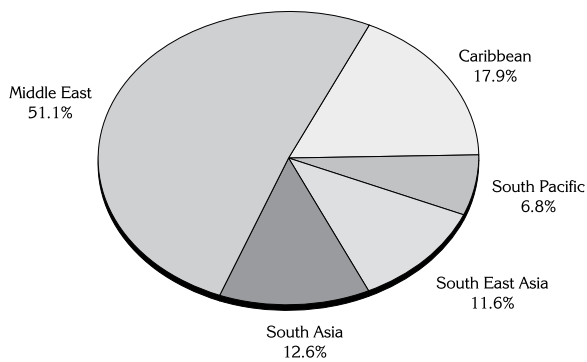


APL Group Net Sales

(Rs. in Crores)

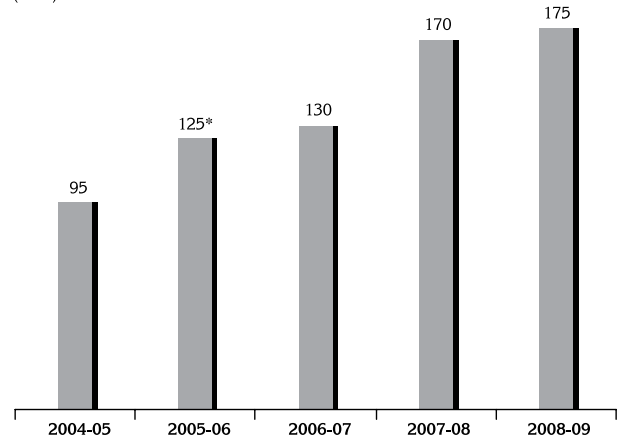


Percentage Sales contribution of each region to overall International operations



Dividend

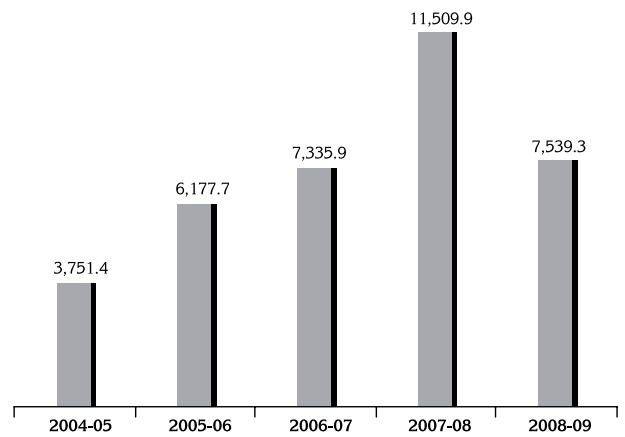
(In %.)



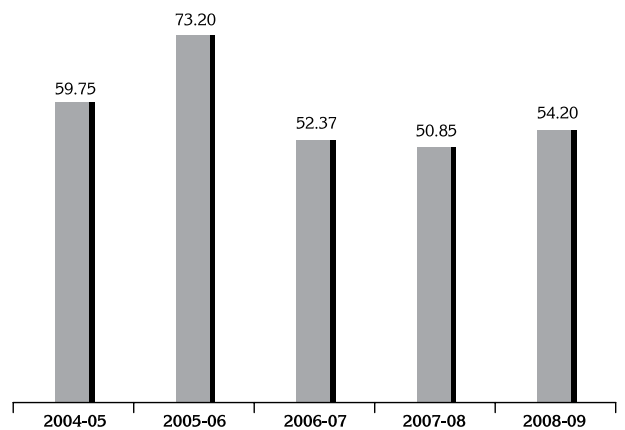
* includes one time special dividend of 25%

Market Capitalisation

(Rs. in Crores)



Pay-out with Dividend tax in %



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the 63rd Annual Report of your Company and the Audited Accounts for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

(Rs. in Crores)

	Asian Paints Limited			Asian Paints Limited Group Consolidated		
	2008-09	2007-08	Growth (%)	2008-09	2007-08	Growth (%)
Sales and Operating Income (Net)	4270	3419	24.9	5463	4407	24.0
Operating Profit	621	617	0.8	721	720	0.1
Less: Interest	10	8		26	21	
Less: Depreciation	57	44		74	59	
Profit before Tax and exceptional item	554	565	-1.9	620	640	-3.0
Less: Exceptional item	6			1	7	
Profit before Tax	548	565	-3.0	619	633	-2.2
Less: Provision for Current, fringe benefit and deferred Tax	184	188		197	203	
Profit After Tax	364	377	-3.3	422	430	-1.8
Add/(Less): Prior period items	(2)	(2)		(3)	(2)	
Net Profit after prior period items	362	375	-3.4	419	428	-2.0
Less: Minority interest				22	19	
Net Profit attributable to shareholders of the Company	362	375	-3.4	398	409	-2.8
Add: Balance brought forward from the previous year	200	150		200	150	
DISPOSABLE PROFIT	562	525		598	559	
That the Directors recommend for appropriation as under:						
Dividend – Interim	62	62		62	62	
– Final	106	101		106	101	
Tax on Dividend	28	28		29	28	
Transfer to General Reserve	136	134		171	168	
Balance carried forward to Balance Sheet	230	200		230	200	

Net sales and operating income for the standalone entity increased to Rs. 4,270 crores from Rs. 3,419 crores in the previous year – a growth of 24.9%. The operating profit (PBDIT) increased by 0.8%, from Rs. 617 crores to Rs. 621 crores. The profit after tax for the current year is Rs. 362 crores as against Rs. 375 crores in the previous year.

The consolidated sales and operating income net of discounts and excise duty increased to Rs. 5,463 crores from Rs. 4,407 crores – a growth of 24%. Net profit after minority interest for the group for the current year is Rs. 398 crores as against Rs. 409 crores in the previous year.

NOTES ON FINANCIAL RESULTS

- Paint volume sales growth was good both in India and international operations.
- Significant increase in material costs led to increase in the selling prices in the first half of the year.
- Profit Before Tax was impacted by high material costs during the first half of the year. In the third quarter reduction in selling prices to stimulate demand and consumption of inventories carried at higher cost, impacted margins.
- An exceptional item of Rs. 5.9 crores has been provided in the current year, being provision for diminution in the value of long term investment in the subsidiary in Bangladesh, based on management's assessment of the fair value of its investment.
- The exceptional item in the previous year pertained to a loss on disposal of the subsidiary in Australia.

The analysis on the performance of your Company is discussed in the Management Discussion and Analysis report.

CONSOLIDATED ACCOUNTS

Your Company has received a letter from the Ministry of Corporate Affairs (MCA) granting exemption under Section 212(8) of the Companies Act, 1956 from attaching the financial statements of the subsidiary companies in India and abroad, both direct and indirect, to the balance sheet of your Company for the financial year 2008-09. A statement of summarised financials of all subsidiaries of your Company, pursuant to the approval under Section 212(8) of the Companies Act, 1956, forms part of this report. Additional information in respect of the annual report and the financial statements of the subsidiary companies of your Company will be made available to members on request. In accordance with the Accounting Standard (AS 21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by your Company include financial information of all its subsidiaries.

DIVIDEND

During the financial year 2008-09, your Company declared and paid an interim dividend of Rs. 6.50 per equity share in the month of November, 2008. In addition, your Directors recommend payment of Rs. 11/-

per equity share as the final dividend for the financial year ended 31st March, 2009. If approved, the total dividend (interim and final dividend) for the financial year 2008-09 will be Rs.17.50 per equity share; Rs.17/- per equity share was paid as dividend for the previous year.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 135.97 crores to the general reserve. An amount of Rs. 230 crores is proposed to be retained in the profit and loss account.

MANAGEMENT DISCUSSION AND ANALYSIS

These have been unprecedented times for the global economy. The financial meltdown caused by several complex forces that created imbalances in fund flows, asset price bubbles; financial instruments that caused yet other problems has resulted in the most severe financial crisis since the Great Depression. While most developed economies are expected to be in recession in 2009, the vast majority of developing countries are experiencing a sharp reduction in growth from that seen in the period 2002-2007. Central Banks have aggressively cut interest rates to pump-prime economies and governments across the globe have announced large stimulus packages to revive the jammed financial systems. But the financial strains remain acute. A sustained economic recovery will be possible only when the abnormal risk aversion in the financial sector abates and credit begins to flow into the economies.

The impact of this contagion was felt in India as well. The Services sector, especially IT, is facing headwinds from low growth rates and the strong protectionist stance in developed world while export growth has turned negative since October, 2008. After seeing 7.5% plus growth consistently for the past five years, increasing distress from the global crisis along with deteriorating domestic situation has set the stage for a marked slowdown in growth this year. Job losses have been reported across sectors with export units, financial services, airlines and infrastructure taking a major hit. The GDP is estimated to have grown at 6.5% for the financial year 2008-09.

The first half of 2008-09 saw high inflation on the back of a rapid rise in crude prices and other base commodities. However, beginning September 2008, both inflation and growth came down. Inflation at the end of the year

was near 0.26% after touching 13.4% in July, 2008. A combination of falling commodity prices and domestic tax cuts (excise, customs and service tax) helped to hasten the decline. The rupee was also extremely volatile and saw heavy depreciation against major currencies, losing more than 20% against the US dollar, during the course of the year.

I. Products and Market

Paints

The year 2008-09 was a very difficult year for the paint industry. A combination of soaring raw material prices and a sharp fall in demand in the third quarter of the year affected the industry. The market for all paints produced by companies in India both big and small is estimated to have grown by about 17 to 18% by value over the previous year, but by less than 10% by volume. The growth for decorative paints would be above 20% by value and industrial paints substantially lower. The volume growth for the industry would be the lowest over the last five years at about 9%. The year was marked by exceptional growth in the first six months followed by a much slower growth in sales during the rest of the year. The third quarter volume growth was negative, but volumes recovered substantially in the fourth quarter. Given the circumstances, your Company has done very well in the year 2008-09.

Decorative Paints

Your Company has been the leader in the Decorative paints segment for over four decades now and this year too, your Company believes it grew faster than its competitors in this segment. As the environment turned out to be far more difficult than anticipated, your Company's response was twofold; continue to invest in the business to build long term strengths and simultaneously, respond proactively to the rapidly changing environment to ensure that growth is strong in the near term.

Effective 1st April 2008, your Company's entire range of Decorative products was made free of lead and other heavy metals. This is a step in making your Company's products fully conform to contemporary standards.

Growth in turnover was ahead of volume on account of price increases as well as changes in the product mix. Emulsion paints for interiors have been growing much faster than distempers over the last decade. This

trend continued in the financial year 2008-09. Exterior emulsions too continue to grow much faster than the overall paint demand powered by the Company's leading brands Apex Ultima, Apex and Ace. In both these categories your Company introduced a range of new products which did very well. In Exteriors, the Duracast range of textured finishes, Ultima Metallics and Apex Tile Guard all had successful launches. In interiors, the Royale Play metallics and Stucco, the kids range of Chalkboard, Fluorescent and Glow and Royale Shyne had successful launches and are doing very well. During the later part of the year, your Company tied up with Dupont USA to co-brand the Royale range of Emulsions with Teflon, the product synonymous with toughness and durability.

The year marked another first for the Company. In May, it opened its Signature Store "Colour" at Bandra in Mumbai. A unique experience centre, it was opened to build confidence through education about colour and to de-mystify and remove the hassle from the decorating process. In essence its purpose was 'To provide inspiration to families while they are in the process of designing their dream home by fuelling their spirit of experimentation'. The store is the first of its kind in the world in the Paint category and the response from the end consumer has been phenomenal. Over 17,000 consumers have visited the store in the last ten months and the level of customer delight achieved has been exceptional. Regular weekend training programs have been run for consumers on Colour and Décor.

Your Company continued with its efforts in upgrading the shop ambience of its leading retailers and providing services to their customers and training to their shop personnel. These have been well appreciated by both your Company's retailers and end consumers. Your Company has also commenced introducing a new chain of 'Colour ideas' where retail outlets have been modified to offer a slice of the 'Signature Store' thereby providing the same inspiration to consumers in process of designing their homes. The first two stores have been inaugurated at Hyderabad and Chennai and have met with a very enthusiastic response from consumers. Your Company is now in the process of expanding this network of 'Colour Ideas' across the country.

The expansion of the ColourWorld network continues unabated and today your Company has more than 12,000 ColourWorlds offering a wide range of products

and shades to consumers even in many small towns across the length and breadth of India.

Your Company continued to invest in the area of colour with the launch of ColourNext 2009. Several Colour Guides and Décor booklets are available to consumers at retail outlets.

Prices of raw materials increased sharply in the first six months of the year. The impact of rising crude prices as well as the depreciating rupee affected price especially of solvent based products. As a result, your Company increased prices six times till 1st October, 2008. Due to good demand and increase in trade inventories, growth in the first half of the year 2008-09 was excellent. In the last five months of the year, raw material prices fell sharply due to the world wide slowdown. The third quarter was weak and there was poor purchasing by dealers as they responded to low demand and reduced inventory. Your Company responded by lowering prices in November, 2008, December, 2008 and February, 2009. This did affect short term profits due to the consumption of higher priced inventory carried by the Company but helped revive growth. This was reflected in the last quarter performance which was a welcome change after the poor showing in the third quarter. Growth in the paint sale in the fourth quarter was 27.63%. The volume growth achieved would have been considered good in a normal year. The excellent annual performance in the top-line has enabled your Company to do better on profits than would have been the case otherwise.

The capacity of the Sriperumbudur Plant has been raised to 100,000 KL per annum. The Distribution Centres at Kasna Plant and Ankleshwar Plant have been commissioned. With the completion of two additional centres at Sriperumbudur Plant and Patancheru Plant over the next fifteen months, your Company would have modernised its vast distribution system, making it possible to service its 25,000 strong distribution base more effectively with lower levels of inventory.

The work on the erection of the Company's Sixth Decorative Paint plant at Rohtak, Haryana is on schedule with its first phase of 150,000 KL per annum scheduled for commissioning in the first quarter of 2010-11.

Your Company is committed to continually improving its products, expanding its product range and offering its consumers a wide range of products and services at

every value proposition. Your Company believes that this along with continuous investment in marketing activities will enable your Company to expand its business and meet the challenge from the leading international paint companies who are now in India. Simultaneously, your Company is continually investing in building manufacturing and distribution resources which would help maintain and improve services to its customers.

Industrial Coatings

Automotive Coatings: Asian PPG Industries Limited

Your Company is engaged in manufacturing of Automotive, Original Equipment Manufacturers (OEM), Refinish and certain other Industrial Coatings through, Asian PPG Industries Limited (APPG), a 50:50 Joint Venture Company between your Company and PPG Industries Inc., USA which was formed in 1997.

During the financial year 2008-09, passenger car sales growth was flat in India. The domestic sales of vehicles fell drastically in the festive season from October to December 2008, due to slowdown in the domestic economic growth, high interest rates and tight liquidity situation. During the year under review, many automobile companies had started to cut production by shutting plants for a few days, in order to avoid inventory build-up. However, most OEMs posted fair growth in the last quarter of the year 2008-09. This growth was aided by the 4% CENVAT reduction in December, 2008 and another 2% in February, 2009, discounts, cheaper financing and higher disbursements by public sector banks.

The year saw a sharp rise in price of raw materials due to the twin impact of rising crude oil prices and appreciation of the US Dollar vis-à-vis the Indian Rupee. Simultaneously, continuing efforts by customers to cut costs limited the scope for improving price realization. This posed a serious challenge to the ability of coating suppliers to sustain margins and manage earnings growth. Cost reduction, better cash management, quality improvement and reduction in development time for new products were the major points of focus for APPG during the year. These initiatives helped APPG arrest the slide in sales and profitability. Total sales fell to Rs. 420.94 crores from Rs. 436.16 crores in the previous year. The Profit After Tax declined to Rs. 15.78 crores for the year ended 31st March, 2009, from Rs. 32.94 crores for the previous year.

Faaber Paints Private Limited, a wholly owned subsidiary of APPG, reported Profit Before Tax of Rs. 0.28 crore this year as compared to Rs. 0.83 crore for the financial year ended 31st March, 2008. The sales remained flat at Rs. 11.05 crores (Rs. 10.98 crores in 2007-08) due to poor market conditions in the second half of the year 2008-09.

APPG's first manufacturing facility was commissioned in March 2008. The installed capacity is 3,200 KL per annum. Your Company is confident that this facility will help provide better service to its customers.

Notwithstanding the subdued market conditions and the intensified competition, your Company believes that the year ahead is a year of great opportunity for APPG. While there may be a temporary slowdown, APPG's strategy of offering better value to its customers by providing superior products and service through upgraded service standards and improved delivery capabilities will help grow APPG's share of the market and meet expectations of its stakeholders.

Non-Auto Industrial Coatings

Your Company operates in the non-auto industrial coatings segment through its Growth Business Unit and a wholly owned subsidiary, Asian Paints Industrial Coatings Limited.

Revenues from the segment of non-auto industrial liquid paints showed satisfactory growth in the first half of the year. There was a marked decline in demand in the second half, due to the overall depressed economic conditions and the difficult credit situation. Industrial projects, maintenance activities and production of engineering goods slowed down during this period. Your Company was able to record value growth in this segment last year inspite of the adverse economic situation.

Your Company exercised the required control over operating expenses and prudently managed working capital and material costs during the year, which saw periods of rapid inflation and deflation in prices.

The industrial liquid paints plant at Taloja received the ISO 9000 certification at the start of the year. This plant today has the capability to manufacture the entire range of products sold in this segment.

Growth in this segment is expected mainly in the second-half of the year 2009-10.

Asian Paints Industrial Coatings Limited

Asian Paints Industrial Coatings Limited (APICL), a wholly owned subsidiary of the Company, is engaged in the manufacture and sales of Powder Coatings.

After several years of high growth, there was a very marginal year-on-year growth in revenue last year. While the first half of the year saw double-digit growth in revenue, demand slowed down significantly in the third quarter. All major segments of OE manufacturers using Powder Coatings experienced a drastic drop in demand during this period. There has been some improvement in demand towards the end of the last quarter. However, at least in the first few months of the year 2009-10, it is not expected that sales of Powder Coatings will grow substantially. Some improvement in demand and sales is expected from the second quarter of the year 2009-10, while prospects for growth will be linked to the overall performance of the economy.

Others

Your Company's other business comprises of plants manufacturing Phthalic Anhydride and Pentaerythritol, located at Ankleshwar (Gujarat) and Cuddalore (Tamil Nadu), respectively. These products are used in the manufacture of alkyd resins as well as several products in other industries. Approximately 50% of the production in the case of both chemicals is used for captive consumption by other plants of your Company and the balance is sold to various customers.

The Phthalic Anhydride business experienced a slump in demand in the third quarter. The businesses of several customers were severely affected by the slow-down in domestic as well as export-led demand. The improvement in demand in the last quarter and careful management of inventories and costs ensured that the business remained profitable during the year 2008-09, though the profits were below expectations.

Demand for Pentaerythritol was up to expectations in the first half of the year. The product-mix produced mitigated the impact of the overall difficult period for business in the third and fourth quarters. Profits from the business were better than those in the previous year, while the growth in profits is attributable mainly to the performance in the earlier part of the year 2008-09.

Technical Instruments Manufacturers (India) Limited

Technical Instruments Manufacturers (India) Limited (TIM) is a 100% subsidiary of your Company. It owns the building which houses your Company's Corporate Office. It has no income except the rent it receives from your Company. The Board of Directors of your Company at their meeting held on 28th March, 2009, approved the merger of TIM with your Company, for which an application and petition has been filed by TIM with the Hon'ble Bombay High Court.

International Business Unit

The group operates in five regions across the world as given herebelow:

Region	Countries
Caribbean	Barbados, Jamaica, Trinidad & Tobago
Middle East	Egypt, Oman, Bahrain & UAE
South Asia	Bangladesh, Nepal & Sri Lanka
East Asia and South East Asia	China, Malaysia, Singapore, Thailand & Hongkong
South Pacific	Fiji, Solomon Islands, Samoa, Tonga & Vanuatu

During the year under review, the focus continued to be on introduction of new products, increasing the number of dealer tinting systems in the market, increasing the product range offered through these systems, expanding the dealer network, increasing exports, sharper focus on the protective and industrial coating segments as well as improving service level to minimize loss of sale due to stock outs.

During the year under review, the volume of paint sold increased by 19.6% to 138,970 KL and the revenue from paint sales increased by 29.5% to Rs. 906 crores. New product sale in volume terms constituted approximately 6.5% of total paint sales of overseas subsidiaries and over 1143 dealer tinting systems have been installed so far in various subsidiaries.

Material prices during the year were volatile. While the first half of the year saw high inflation on the back of a rapid rise in prices of crude oil and other commodities, beginning September, 2008, the world economy took a downturn with inflation coming off. The impact of

price increases was neutralized to a large extent by formulation engineering, global sourcing and economies of scale in purchasing and reduction in material losses in manufacturing.

Profit after tax for the overseas operations of the group during the year is Rs 48.0 crores as compared to Rs. 36.7 crores during the previous year.

During the year, Asian Paints (International) Limited, your Company's direct subsidiary, has purchased the balance 49% stake in Asian Paints (Tonga) Limited for a consideration of TOP 646,800 (approx. USD 314,000) making it a wholly owned subsidiary.

Your Company has made a provision of Rs. 5.9 crores towards diminution in value of its long term investment in Asian Paints (International) Limited, a wholly owned subsidiary of your Company, based on the management's assessment of the fair value of its investment in Asian Paints (Bangladesh) Limited. This item has been treated as an exceptional item. Your Company will continue to evaluate its portfolio at the end of every year to test for impairment. The management will continue to take all feasible steps as necessary to enhance the performance and the net worth of its overseas subsidiaries.

The revenue from paint sales of Berger International Limited, subsidiary listed on the Singapore Stock Exchange has increased by 10.2% to S\$ 156 million (equivalent to Rs. 483 crores). BIL has earned a profit after tax of S\$ 2.8 million (equivalent to Rs 8.7 crores) as compared to S\$ 2.2 million (equivalent to Rs. 5.9 crores) during the previous year.

The region wise performance is detailed below:

Caribbean Region

During the year under review, the volume of paint sold in the region has decreased by 3.6 % to 9,256 KL. The global economic meltdown took its toll on the Caribbean economies and also impacted our operations in the region. The revenue from paint sales has increased by 8.7% to Rs. 163.3 crores. PBIT (Profit Before Interest and Tax) for the region has decreased by 19.3% to Rs. 5.7 crores. The subsidiary in Trinidad has made profit as against a loss in the previous year. Steps have been taken to improve the profitability of the unit in Jamaica. The subsidiary in Barbados has performed satisfactorily.

Middle East Region

During the year under review, the volume of paint sold in the region has increased by 24.8% to 100,062 KL and the revenue from paint sales has increased by 45.6% to Rs. 465.1 crores. PBIT has increased by 33.0% to Rs. 56 crores.

The Middle East region is the largest operating region for the group outside India. The region now contributes 51.1% of the sales from overseas operations. All the subsidiaries in the region have performed well. Sales of Egypt, Oman, UAE and Bahrain subsidiaries have grown by 36.4%, 51.3%, 41.1% and 20.4% respectively in local currency. The subsidiaries in Bahrain, Oman and UAE have registered good increase in profit, while the subsidiary in Egypt continues to be the biggest profit contributor in the region.

South Asia Region

During the year under review, the volume of paint sold in the region has increased by 24.0% to 18,047 KL and revenue from paint sales has increased by 38.5% to Rs. 114.8 crores. PBIT for the region has increased by 43.4% to Rs. 8.6 crores.

All subsidiaries in the region have performed well. The Sri Lanka, Bangladesh and Nepal subsidiaries have registered sales growth of 23.3%, 50.6% and 26.8%, respectively in local currency. Expansion of the ColorWorld dealer network and increased influencer interactions through painter-dealer meets has helped all the subsidiaries to achieve healthy sales growth. The subsidiaries in Sri Lanka and Nepal have reported profits while the Bangladesh unit has sharply reduced its losses.

East Asia and South East Asia Region

During the year under review, the economies in the region were severely impacted by the global meltdown. The volume of paint sold in the region has marginally increased by 0.3% to 9,001 KL. However, the revenue from paint sales has increased by 19.3% to Rs. 105.8 crores. Loss before interest and tax has increased to Rs. 6.3 crores from Rs. 3.6 crores during the previous year.

The subsidiary in Singapore has performed satisfactorily and has been profitable. The losses are higher in the subsidiaries in Malaysia, Thailand & Hongkong and lower in China compared to the previous year

South Pacific Region

During the year under review, the volume of paint sold in the region (adjusted for sales of the Australian subsidiary which was divested during the previous year) increased by 4.4 % to 3,070 KL and revenue from paint sales increased by 13.2% to Rs. 62.0 crores. PBIT for the region (excluding Australia) has decreased by 6.2% to Rs 5.4 crores.

The Fiji, Vanuatu and Solomon Islands subsidiaries have registered sales growth of 10%, 18% and 13%, respectively. There is a marginal decline in the sales of the subsidiary in Tonga which has, however, made profit during the year as against a loss in the previous year.

II. SAFETY, HEALTH AND ENVIRONMENT

Your Company continued to focus on improving work place safety and the safety capabilities across all its plants. During the year, all the five decorative paint manufacturing units were audited and certified by the British Safety Council. The Ankleshwar plant of the Company was recognised with a Certificate of Appreciation by the Gujarat Safety Council for one million hours of accident free working.

Your Company undertook waste minimization initiatives in its efforts to conserve resources and protect the environment. Kasna Plant was awarded the Gold Award in the Chemical Sector for outstanding achievement in environmental management by Greentech Foundation. Resource conservation and waste minimization continued to be the key focus areas for your Company during the 2008-2009. This resulted in reduction in specific generation of effluents and solid waste. Also, specific water consumption was further reduced during the year 2008-09.

III. HUMAN RESOURCES

The thrust area for your Company during 2008-09 was to promote coaching within the organisation and integrate it in the overall human resources development agenda. The Results Coaching Systems, Australia is partnering with your Company in developing managers as coaches. A batch of thirty-five managers has now received certification in coaching.

A series of programs were held at all levels in Technology function to promote the work culture of innovation and

collaboration and HR processes have been adopted to support this initiative.

During 2008-09 the efforts to reach out to all employees were continued. This has received a very favourable response from employees.

Performance Management System was operational for a full year after its re-launch last year. It has been implemented well.

IV. CORPORATE SOCIAL RESPONSIBILITY

Your Company continues its initiatives in Corporate Social Responsibility through its three core areas: Water Conservation, Care of the Aged and Education. Your Company installed a rainwater harvesting scheme at its manufacturing facility in Bhandup, Mumbai in 2002. It soon replicated the format at its other plants in Ankleshwar, Kasna, Patancheru and Sriperumbudur. Awareness programs were organized on water conservation and Rain Water harvesting through Total Water Management Centre and also free expert advice was provided to interested parties on implementation of Rain Water Harvesting projects.

Your Company has endeavored to work towards the cause of the disadvantaged elderly sections of the communities located in the vicinity of its plants. Camps were organized for cataract surgeries, diabetes detection, dental examination and vaccination and immunization during the year 2008-09. Also, educational tours for the school children from the villages in the vicinity of its plants, providing drinking water to schools, providing walking sticks to the disadvantaged, training teachers on healthcare and hygiene topics and undertaking tree plantation drives were some of the other initiatives undertaken by your Company.

Your Company has always focused on improving infrastructure facilities of schools in the vicinity of its plants. The Ankleshwar plant has been actively spearheading the renovation works of the Shree Gattu Vidyalaya, which will greatly enhance the infrastructure facilities of the school. The plants at Sriperumbudur, Patancheru and Cuddalore are also providing infrastructure support to schools in their locality.

V. INFORMATION TECHNOLOGY

During the financial year 2008-09, your Company has upgraded its key Enterprise Resource Planning (ERP), Supply Chain Planning and Customer Relationship Management (CRM) applications to the latest platform. This has provided the Company the ability to adopt the latest innovations in these areas and also implement workflow based processes to improve the overall effectiveness of these applications.

The investments made in virtualization technology at the data centre in the previous year were continued in this year. Your Company has now completed the migration of all applications to this platform, reducing the requirements of space and power while improving the uptimes and agility of the applications.

In 2008-09 IT applications and tools supporting the new distribution warehouses in Kasna and Ankleshwar with real time integration to other IT systems was completed successfully.

Over the years your Company has implemented systems to complement and enhance business processes and made them available to employees on the move as well as to business partners. With attacks on information assets increasing dramatically, it was felt necessary to improve the systems to safeguard the integrity of your Company's data and protect its information assets. In the current year your Company has enhanced the security systems and processes to achieve the same at the data centre. The same will be extended to the applications and desktops in the coming year.

VI. RESEARCH & DEVELOPMENT

Your Company is executing an integrated strategy for technology development and deployment. The technology function is supporting your Company's strategy around four missions: technology development, development of substantially new products, productivity improvement, and cost reduction. The focus for your Company in the financial year 2008-09 had been to develop technology capabilities to meet the mid-term and long term strategic goals of the organization. They were built on the technology trends and the customers' requirements. Your Company further continues to focus on innovation and collaboration. The strategy of developing platform technologies is beginning to bear fruit. The productivity of the technology function has improved considerably

by redirecting resources towards the core R&D activities and by increasing the productivity of the individual scientists.

In keeping with environmental legislation in the developed world, your Company had removed lead and other heavy metal products from all decorative paints. The knowledge developed is being leveraged to your overseas units as well. Going forward, your Company will be focusing on developing products with low volatile organic contents (VOC) in both the water borne and the solvent based products in decorative and industrial paints.

Your Company has also developed contacts with research organizations with whom it has started collaborating in some areas of research so as to accelerate progress. The Company has been successful in attracting competent and committed scientists to strengthen its internal capabilities. This effort will continue. The Technology personnel are now settled in the new state of art R & D Center established at Turbhe, Navi Mumbai.

VII. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has deployed an appropriate mix of automated and manual internal control systems to ensure propriety in the utilization of funds, safeguarding of assets against unauthorized use or disposition, true and fair reporting and compliance with all the applicable regulatory laws and company policies. A state-of-the-art ERP system with tight integration to other applications are designed to adopt best practices and provide real time information for effective decision making, monitoring and control. Your Company has a clearly defined authority manual defining sanctioning limits at each level in the hierarchy for various kinds of expenses. Tight and periodic budgetary control and review mechanisms supplement the preventive controls designed in the system.

Your Company has an in-house internal audit department. To maintain independence, the internal audit function reports directly to the Audit Committee and to the Managing Director & CEO of the Company. The audit plans for the year are approved by the Audit Committee. The internal audit function verifies the adequacy and effectiveness of internal controls from operation, financial and statutory compliance point of view through a blend of process and transactional audits. A summary of significant observations along with any action plan

identified by the management is placed periodically before the Audit Committee for review and guidance.

VIII. RISK AND OUTLOOK

The environment today is fraught with risks and uncertainty more than ever before. Adverse impact of global financial turmoil is expected to weaken demand conditions even in the markets where the group operates. The political conditions in these regions would also have an impact on business performance.

Given the linkages with global markets, growth in India will be dependent on how the global scenario unfolds. In tandem with other economies globally, India too has stepped up fiscal efforts to support growth and policy makers have been quite proactive so far with monetary as well as other administrative tools. It would be a big surprise indeed if the massive monetary and fiscal policy support to the economy combined with the measures taken to stabilize the financial system does not to have a significant influence on the course of economic events.

It is hoped that the new Central Government to be formed will accelerate the reforms process and provide the necessary impetus to investment especially in power generation, roads, ports and water supply systems. As important would be the development of Human Resources and investment in basic health and sanitary services. The deterioration of the geopolitical situation in the region is another concern that the country faces. The foreign exchange market and the crude oil prices continue to be volatile. Hence, predicting the future accurately in such uncertain times is near impossible.

However, your Company's Management is optimistic that the Indian economy will recover in the second half of 2009-10 and would be able to achieve a GDP growth of around 5.5% to 6%. The expected growth rate, though lower than what the country has witnessed in the last few years, is still strong enough to sustain consumer demand. Your Company also expects the rural economy to perform well and support paint demand. The market for industrial coatings is expected to be challenging and will depend on performance of sectors like automobiles, consumer durables and the general industrial activity. Some tentative signs of recovery already seem underway and this augurs well for the industry in the coming year.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE

A separate report on Corporate Governance forms part of the Annual Report, pursuant to Clause 49(VII) of the Listing Agreement. Your Company is compliant with the requirements of the Listing Agreement and necessary disclosures have been made in this regard in the Corporate Governance Report. The Management Discussion and Analysis and the report on Corporate Governance are included as a part of the Directors' Report.

A certificate from the Joint Statutory Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year 2008-09 and there are no outstanding fixed deposits from the public as on 31st March, 2009.

SALES TAX DEFERMENT BENEFIT

Your Company continues to avail sales tax deferment benefit for the expanded capacity at Kasna plant for which eligibility certificate for Rs. 38.2 crores has been received. A sum of Rs 4.1 crores has been availed during the year 2008-09 and with this, the total amount of deferment availed upto 31st March, 2009 is Rs. 27.1 crores.

INSURANCE

All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars in respect of conservation of energy and technology absorption by the Company as per Section 217(1)(e) of the Companies Act, 1956, are given as Annexure to this report in Form 'A' and 'B', respectively.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of expenditure and earnings in foreign currencies are given under Schedule 'M' to the financial statements.

PERSONNEL

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, names and other particulars of the employees are required to be set out in the annexure to this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Annual Accounts of the Company sent to the shareholders do not contain the said annexure. Any shareholder desirous of obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed.
- The accounting policies have been selected and applied consistently and the judgments and estimates made, are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

DIRECTORS

During the financial year ended 31st March, 2009, the term of Mr. Ashwin Choksi as Executive Chairman, Mr. Ashwin Dani as Executive Vice-Chairman and Managing Director and Mr. Abhay Vakil as Managing Director expired on 31st March, 2009. The Board of Directors at their meeting held on 5th March, 2009,

appointed Mr. P. M. Murty as an Additional Director and Whole-time Director of the Company with effect from 5th March, 2009 and as the Managing Director & CEO with effect from 1st April, 2009. Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, were appointed as Additional Directors and as Non-Executive Chairman, Non-Executive Vice-Chairman and Non-Executive Director, respectively, with effect from 1st April, 2009.

Mr. Ashwin Choksi and Mr. Ashwin Dani joined the Board in 1970 and Mr. Abhay Vakil in 1983. They have had an immense played a crucial in transforming your company into a world class organization, without compromising on the core values and ethics laid down by the founding fathers. Your Company has grown by leaps and bounds in the last decade under their stewardship. The Board of Directors place on record their appreciation of the immense contribution to the growth and well being of the Company, by Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil during their long tenure with the Company.

Mr. Amar Vakil, Mr. R.A. Shah and Dr. S. Sivaram are due to retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Appropriate resolutions for their re-appointment are being placed before you for your approval at the ensuing Annual General Meeting. The brief resume of the aforesaid Directors and other information have been detailed in the Corporate Governance Section of this report. Your Directors recommend their re-appointment as Directors of your Company.

AUDITORS

M/s. Shah & Co., Chartered Accountants and M/s. B S R & Associates, Chartered Accountants, Joint Auditors of the Company are due for retirement at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors recommend their reappointment for the ensuing year.

COST AUDITOR

The Company has received the approval of the Central Government for appointment of Mr. Damji Keshavji Visariya as Cost Auditor to conduct the audit of the cost records of your Company for the financial year 2008-09.

APPRECIATION

Your Directors wish to place on record their appreciation of the contribution made by employees at all levels to the continued growth and prosperity of your Company. Your Directors also wish to place on record their appreciation of banks and other financial institutions, shareholders, dealers and consumers for their continued support.

For and on behalf of the Board

Ashwin Choksi
Ashwin Choksi
Chairman

Mumbai: 12th May, 2009

Managing Director & CEO's Message



P. M. Murty
Managing Director & CEO

Dear Shareholders,

Asian Paints has come a long way since I joined the Company 38 years ago when it had a turnover of around Rs. 8 crores. The Company has evolved, grown from strength and, at all times, remained focus on the interests of all its stakeholders. And this speaks a lot about the outlook, vision and actions of those who were at the helm of affairs over the last six decades, starting from the visionary founders – Mr. Champaklal Choksey, Mr. Suryakant Dani, Mr. Arvind Vakil and Mr. Chimanlal Choksi to their equally proficient successors – Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil. I have had the privilege of being associated with them as well as with Mr. K. Rajagopalachari during his illustrious career with the Company.

It is said that an organisation is a lengthened shadow of its leaders. And at Asian Paints, the leadership team of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil who are now Non-Executive Directors, have helped create an organization that all of us are very proud to be associated with.

While Mr. Ashwin Choksi and Mr. Ashwin Dani were inducted to the Board in 1970, Mr. Abhay Vakil joined the fold in 1983. All the three Directors have believed deeply in treating all people, irrespective of their position, with tremendous respect. While they have promoted a culture which values equity and fairness in all matters, it is accompanied with uncompromising concern for each individual.

They have led the entire organization to set highest standards of governance in all areas and today the organization is proud to be recognized as a key benchmark in any governance related area.

Their continuous involvement in strategic planning and implementation made them the ideal link between the executive management and independent directors. This enhanced the symbiotic relationship between the entrepreneurs and the professionals towards delivering stakeholder value with highest levels of corporate governance. While their focus on growth and bottom line was unwavering, there was never any question of compromising on the core values and ethics laid down by the founding fathers. And the result of their devotion and hard work is for all to see – Asian Paints is now a truly world class enterprise in every sense of the term.

Finally, they have created a culture of empowerment where all managers have enjoyed autonomy in business decision making. They have created an environment of work where managers have benefited immensely in terms of having freedom to actively take well thought out business risks and continuously grow professionally through diverse and varied exposure.

On behalf of all my colleagues, I record the immense contribution that Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil have made to building this Company and taking it to its enviable position. I pledge to strive to build on this foundation to ensure the growth and prosperity of Asian Paints in the exciting and challenging times ahead.

Warm regards,

P. M. Murty

TEN YEAR REVIEW

(Rs. in Crores except for per share data, number of employees and ratios)

RESULTS FOR THE FINANCIAL YEAR	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
REVENUE ACCOUNT										
Gross Sales	5,003.4	4,062.8	3,360.7	2,777.4	2,338.8	2,025.9	1,806.7	1,598.5	1,469.5	1,262.4
Net Sales and Operating Income	4,270.1	3,419.1	2,821.3	2,319.2	1,954.6	1,696.1	1,535.0	1,371.4	1,233.3	1,089.7
Growth Rates (%)	24.89	21.19	21.65	18.65	15.24	10.49	11.93	11.20	13.18	16.25
Materials Cost	2,606.9	1,956.1	1,660.7	1,351.7	1,128.4	943.6	807.1	727.5	661.2	599.5
% to Net Sales	61.05	57.21	58.86	58.29	57.73	55.63	52.58	53.04	53.61	55.02
Overheads	1,101.8	906.0	738.8	615.5	532.3	483.0	458.8	417.7	369.9	310.6
% to Net sales	25.80	26.52	26.19	26.54	27.24	28.47	29.89	30.46	29.99	28.50
Operating Profit	621.3	616.6	462.2	387.9	325.4	291.2	281.7	240.8	211.5	193.2
Interest Charges	10.4	8.3	6.9	3.8	2.8	5.3	8.4	14.6	22.1	20.3
Depreciation	57.2	43.8	45.4	45.5	47.6	48.0	48.5	44.8	33.5	29.8
Profit before tax and exceptional item	553.8	564.5	409.9	338.5	275.0	237.9	224.9	181.4	155.9	143.1
% to Net Sales	12.97	16.53	14.53	14.60	14.07	14.02	14.65	13.23	12.64	13.13
Growth Rates (%)	(1.91)	37.72	21.10	23.07	15.59	5.82	23.95	16.37	8.95	52.53
Exceptional item	(5.90)	-	-	(33.6)	(4.2)	(6.8)	-	-	-	-
Profit before tax and after exceptional item	547.9	564.5	409.9	304.9	270.8	231.1	224.9	181.4	155.9	143.1
% to Net Sales	12.83	16.53	14.53	13.15	13.85	13.62	14.65	13.23	12.64	13.13
Profit after tax	364.3	376.6	269.9	187.8	173.8	147.6	143.4	115.3	106.4	97.3
Prior period items (net)	(1.9)	(1.4)	2.1	(1.0)	(0.3)	0.2	(1.4)	(0.8)	(0.8)	(0.1)
Profit after tax and prior period items	362.4	375.2	272.0	186.8	173.5	147.8	142.0	114.3	105.6	97.3
Return on average net worth (RONW) (%) *	35.82	44.86	39.82	31.27	31.43	29.32	32.01	27.82	27.47	29.38
CAPITAL ACCOUNT										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	64.2	64.2	64.2	40.1
Reserves and Surplus	998.6	832.6	648.2	526.4	476.3	435.6	412.4	346.4	347.0	317.3
Deferred Tax Liability (Net)	47.9	31.5	22.1	28.5	30.5	48.7	58.2	61.2	-	-
Loan Funds	74.5	94.7	125.7	91.1	88.2	70.5	103.6	110.8	226.8	174.4
Fixed Assets	711.8	539.2	346.5	324.7	319.5	344.4	366.2	389.5	380.5	335.2
Investments	234.8	422.9	334.4	274.6	258.4	242.5	147.7	63.3	44.1	40.5
Net Current Assets	270.4	92.6	211.0	142.6	113.1	63.8	124.46	129.7	213.5	156.1
Debt-Equity Ratio	0.07: 1	0.09: 1	0.17: 1	0.15: 1	0.15: 1	0.13: 1	0.22: 1	0.27: 1	0.55: 1	0.49: 1
Market Capitalisation	7,539.3	11,509.9	7,335.9	6,177.7	3,751.4	2,913.6	2,118.8	2,105.6	1,580.3	1,704.9
PER SHARE DATA										
Earnings Per Share (Rs.)	** 37.78	39.1	28.4	** 19.5	** 18.1	** #15.4	#14.8	# 11.9	# 11.0	# 10.1
Proposed Dividend (%)	175.0	170.0	130.0	@ 125.0	95.0	\$ 85.0	110.0	90.0	\$ 70.0	100.0
Book Value (Rs.)	114.1	96.8	77.6	64.9	59.7	\$ 55.4	74.3	64.0	\$ 64.1	89.1
OTHER INFORMATION										
Number of Employees	4,260	3,924	3,868	3,681	3,550	3,356	3,327	3,188	3,197	2,984

* RONW is calculated after provision for impairment on fixed assets in 2004-2005

** EPS calculated on Net Profit after extraordinary item/exceptional item

EPS is calculated after adjusting for Bonus issue and the reduction of capital on account of merger of Pentasia Investments Limited in accordance with Accounting Standard (AS 20) - Earnings per share

@ Includes one-time special dividend of 25%

\$ On increased capital

ANNEXURE TO DIRECTORS' REPORT

FORM A

Disclosure of particulars with respect to Conservation of Energy:

	2008-09	2007-08
A. Power and fuel consumption		
1. Electricity		
(a) Purchased		
Units ('000 KWH)	30,076	29,574
Total Amt. (Rs. in Crores)	14.08	13.10
Rate per unit	4.68	4.43
(b) Own Generation		
Through diesel Generator		
Units ('000 KWH)	7,734	2,759
Units per ltr. of diesel oil	3.36	3.40
Cost/unit (Rs.)	10.14	9.43
Natural Gas		
Units ('000 KWH)	5,801	7,466
Units per nm ³	3.34	3.29
Cost/unit(Rs.)	3.87	3.66
2. Coal		
Quantity (in MTs)	14,783	16,345
Rs. in Crores	6.76	5.31
Average rate/MT (Rs.)	4576	3249
3. Diesel		
Quantity (in KL)	1,651	1,016
Rs. in Crores	6.06	3.33
Average rate/KL (Rs.)	36.72	32.80
4. Furnace Oil		
Quantity (in MTs)	883	1,170
Rs. in Crores	2.47	2.64
Average rate	27.94	22.53
5. Natural Gas		
Quantity (in '000 cubic m.)	2,553	2,917
Total Amt (Rs.in Crores)	2.97	3.15
Average rate	11.62	10.81

B. Consumption per unit of production

	Electricity		Furnace Oil		Natural Gas		Coal		Diesel	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
Paints	87	89	39	74	71	52	-	-	51	44
Phthalic	113	16	-	-	55	51	-	-	-	-
Penta	966	921	0	13	-	-	3	3	-	-

FORM B

Disclosure of particulars with respect to Technology Absorption:

Research and Development (R&D)

1. Specific area in which R&D is carried out by the Company.

The R&D Unit of your Company is carrying out the following activities to support the business goals of your Company:

- Development of new products and processes related to surface coatings and intermediates.
- Value engineering through formulation re-engineering and identification of new and alternate raw materials.
- Upgradation of existing product and processes.
- Technology support to all overseas units.
- Optimization of products and processes to minimize waste generation and reduce environmental and safety concerns.
- Development of new application techniques for various substrates.
- Import substitution and identification of new raw material for development.
- Development of new analytical test methods, characterization techniques.
- Collaborative development with vendors, academia and institutes.
- Development of domain expertise to expedite product development.
- Research on new functional polymers, emulsions and nano technology.

2. Benefits derived as a result of above R&D:

- Antialgal/antifungal efficacy of interior and exterior wall finishes improved.
- Introduced newer colourant and bases in DTS for expanding shade range offer with improved shade fidelity.
- Recycling/reuse of process waste and wash water to reduce waste generation and disposal load.
- Cycle time of processing enamels, colourant, primers and emulsion brought down.
- Energy efficient processing techniques introduced for colourants, enamels and primers.
- Development of ultima metallic coating with high durability and shade fidelity
- Development of Royale Shyne – top end exterior product with rich look and film performance.
- Developed machine tintable 2K Pigmented PU metallic finishes for interior/exterior of wood.

- Six new application effects developed for Royale Play.
- Development of hot melt thermoplastic road marking meeting AASHTO specification.
- Development of industrial synthetic enamel free from heavy metals like lead, chromium and mercury.
- Development of several Protective Coatings for meeting specific customer requirements and for significantly broadening the Company's range of such products.

3. Further plan of action:

Your Company considers the development of technical capabilities to sustain its competitive position in the market place of primary importance. In order to address the needs of the customers in a rapidly changing market place, the Company will continue to strengthen its technical programs and the skills of its technical personnel. It had started to develop advanced technical capabilities and technology platforms to support its product plans, improve its manufacturing and open new applications. These activities are beginning to pay off.

4. Expenditure on R & D during the year is as follows:

	(Rs. in Crores)	
	2008-09	2007-08
Capital	25.90	34.19
Recurring	27.46	17.66
Total	53.36	51.85
Total R&D expenditure as a percentage of Net Sales & operating income	1.25%	1.52%

Technology absorption, adaptation and innovation:

All developments were done indigenously.

Foreign exchange earnings and outgo:

Your Company's exports primarily consist of Di-pentaerythritol and Monopentaerythritol to US and Europe. The Di-pentaerythritol is used mainly as an additive in the manufacture of aviation fuel and the Monopentaerythritol is mainly used in the manufacture of explosives. The demand for your Company's products from these markets were stable during the year. During the year your Company has also supplied small lots of these products to consumers in Taiwan and Japan.

Your Company also exports items to its overseas units and licensees. Machine tinting colorants and resins form the bulk of material exported. Specific products or special products which are of low volume for domestic manufacture by the overseas units are also produced and exported to the units from India. Support is extended to overseas units through export of marketing materials and machinery parts. Export queries received in India from countries where your Company has operations is routed through respective overseas units.

For and on behalf of the Board

Ashwin Choksi
Ashwin Choksi
Chairman

Mumbai
12th May, 2009

AUDITORS' REPORT TO THE MEMBERS OF ASIAN PAINTS LIMITED

We have audited the attached Balance Sheet of Asian Paints Limited ('the Company') as at 31 March 2009, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the Directors of the Company as at 31 March 2009, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the prescribed manner and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31 March 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Shah & Co.
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152
Mumbai
12th May, 2009

For B S R & Associates
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

Annexure to the Auditors' Report – 31 March 2009 (Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner, over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed of during the year were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the year end written confirmations, have been obtained.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable & adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register required to be maintained under Section 301 of the Act.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) According to the information and explanations given to us, the particulars of all contracts and arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to

in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act in respect of paints, resins and pentaerythritol and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed

statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

There were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

- (b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Financial Year	Amount (Rs. In Crores)	Forum where dispute is pending
Sales Tax	Assessment Dues	F.Y. 1994-95 to 1995-96, F.Y.1997-98 to 1999-00, F.Y. 2001-02, F.Y. 2003-04 to 2005-06	8.32	First Appellate level
		F.Y. 1999-2000 to 2003-04	0.78	Second Appellate level
		F.Y. 1991-92, F.Y. 1993-94, F.Y.1996-97 to 1998-99, F.Y. 2000-01 to 2001-02, F.Y. 2003-04 to 2004-05	4.11	Tribunal
		F.Y. 1993-94	0.07	High court
		F.Y. 1992-93/1993-94	0.16	Supreme Court
	Total (A)		13.44	
Excise Central Excise Act 1944	Dispute relating to Cenvat Credit	F.Y. 2006-07, F.Y. 2008-09	0.15	Adjudication level
		F.Y. 1986-87 , 1989-90 ,1992-93 to 1993-94, F.Y. 1997-98 , F.Y. 1999-00, F.Y. 2002-03, F.Y. 2004-05, F.Y. 2007-08	7.37	First Appellate
		F.Y. 1994-95, F.Y. 1997-98	0.16	Second Appellate
		F.Y. 1969-70 to F.Y. 1973-74	0.06	High Court
		F.Y. 1981- 83, F.Y. 1994-98, F.Y. 1998-99 to 2004-05, F.Y. 2006-07 to 2008-09	2.15	Adjudication level
	Dispute relating to Excise Duty	F.Y. 1993-94, 1995-96 to 1997-98, F.Y. 2005-06, F.Y. 2007-08	0.21	First Appellate
		F.Y. 1994-95, F.Y. 2005-06 to 2007-08, F.Y. 2000 -01	0.57	Second Appellate
		F.Y. 1992-94, F.Y. 1995-2000	0.05	Tribunal
		F.Y. 1998-03, F.Y. 2003-04, F.Y. 2005-06 to 2006-07	0.86	Adjudication level
		F.Y. 2007-08	0.10	Second Appellate
	Total (B)		11.68	
Income Tax	IT matters under dispute	A.Y. 1997-98 to 2003-04, A.Y. 2005-06	15.04	First Appellate
		A.Y. 2000-01, to A.Y. 2002-03	1.15	Assessing Officer
		A.Y. 1996-97 to A.Y. 1999-00, A.Y. 2003-04, A.Y. 2004-05	1.80	Tribunal
	Total (C)		17.99	
	Grand Total (A)+(B)+(C)		43.11	

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion, and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to its bankers or to any financial institution. The Company did not have any outstanding debentures or any outstanding loans from financial institutions during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund, nidhi, mutual benefit fund or society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. The Company has given certain guarantees on behalf of its dealers and subsidiaries as mentioned in note B - 3 of Schedule M of the accounts. In our opinion based on the information and explanations received, the terms and conditions of these guarantees are not prejudicial to the interest of the Company.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to Company, firms or parties covered in the register maintained under section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. As per the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

Mumbai
12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in Crores)

	Schedules	As at 31.03.2009	As at 31.03.2008
FUNDS EMPLOYED			
Shareholders' Funds			
Share Capital	A	95.92	95.92
Reserves and Surplus	B	<u>998.55</u>	<u>832.58</u>
		1,094.47	928.50
Loan Funds			
Secured Loans	C	24.59	36.70
Unsecured Loans		<u>49.94</u>	<u>58.00</u>
		74.53	94.70
Deferred Tax Liability (Net) (Refer Note B – 22 in Schedule 'M')		47.91	31.52
Total		1,216.91	1,054.72
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	1,116.93	937.89
Less: Depreciation		<u>494.02</u>	<u>509.06</u>
Net Block		622.91	428.83
Add: Capital Work in Progress		<u>88.86</u>	<u>110.39</u>
		711.77	539.22
Investments	E	234.77	422.88
Current Assets, Loans And Advances			
Interest accrued on investments	F	0.16	0.09
Inventories		546.71	538.97
Sundry debtors		311.02	251.90
Cash and Bank Balances		128.26	41.35
Other Current Assets		48.30	33.09
Loans and Advances		<u>193.66</u>	<u>178.27</u>
		1,228.11	1,043.67
Less: Current Liabilities and Provisions	G		
Current Liabilities		771.90	784.56
Provisions		<u>185.84</u>	<u>166.49</u>
		957.74	951.05
Net Current Assets		270.37	92.62
Total		1,216.91	1,054.72
Significant accounting policies and notes to Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For **Shah & Co.**
Chartered AccountantsFor **B S R & Associates**
Chartered Accountants**Ashwin Choksi**
Chairman**Ashwin Dani**
Vice Chairman**Abhay Vakil**
Director**H. N. Shah**
Partner
Membership No. 8152**Natrajan Ramkrishna**
Partner
Membership No. 32815**P. M. Murty**
Managing Director &
CEO**Tarjani Vakil**
Chairperson of
Audit Committee**Jayesh Merchant**
Chief Financial Officer &
Company SecretaryMumbai
12th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Crores)

	Schedules	Year 2008-2009	Year 2007-2008
INCOME			
Sales and operating income (Net of discounts)	H	4,819.13	3,914.86
Less: Excise duty		549.08	495.80
Sales and operating income (Net of excise duty)		4,270.05	3,419.06
Other income	I	60.06	60.23
		4,330.11	3,479.29
EXPENDITURE			
Material Cost	J	2,606.93	1,956.13
Employee Cost	K	238.90	194.67
Manufacturing, administrative, selling and distribution expenses	L	862.95	711.90
		3,708.78	2,862.70
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			
		621.33	616.59
Less: Interest (Refer Note B – 16 in Schedule 'M')		10.40	8.27
Less: Depreciation	D	57.15	43.77
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM			
		553.78	564.55
Less: Exceptional item (Refer Note B – 19 in Schedule 'M')		5.90	—
PROFIT BEFORE TAX			
		547.88	564.55
Less: Provision for Taxation:			
Current Tax		162.80	171.32
Deferred Tax (Refer Note B – 22 in Schedule 'M')		16.39	9.38
Fringe Benefit Tax		6.78	5.96
Short/(Excess) tax provision for earlier years		(2.40)	1.30
PROFIT AFTER TAX AND BEFORE PRIOR PERIOD ITEMS			
		364.31	376.59
(Less)/Add: Prior period items (net)		(1.95)	(1.39)
PROFIT AFTER TAX			
		362.36	375.20
Add: Balance brought forward from previous year		200.00	150.00
AMOUNT AVAILABLE FOR APPROPRIATION			
		562.36	525.20
APPROPRIATIONS			
Dividend on Equity shares:			
– Interim dividend		62.35	62.35
– Proposed Final dividend		105.51	100.71
Tax on Dividend (includes tax on proposed dividend)		28.53	27.72
Transfer to General Reserve		135.97	134.42
Balance carried to Balance Sheet		230.00	200.00
		562.36	525.20
Earnings per share (Rs.) Basic and Diluted – before Exceptional item		38.39	39.12
Earnings per share (Rs.) Basic and Diluted – after Exceptional item		37.78	39.12
(Face value of Rs. 10 each)			
(Refer Note B – 26 in Schedule 'M')			
Significant accounting policies and notes to Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

P. M. Murty
Managing Director &
CEO

Tarjani Vakil
Chairperson of
Audit Committee

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
12th May, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Crores)

	2008-2009	2007-2008
(A) Cash flow from operating activities		
Profit before prior period item, tax and after exceptional item	547.88	564.55
Adjustments for :		
Depreciation/Impairment	57.15	43.77
Interest income	(3.14)	(3.71)
Dividend income	(16.93)	(25.01)
Interest expense	10.40	8.27
Loss/(Profit) on sale of short term investments	(0.10)	(0.96)
Loss/(Profit) on sale of assets	(6.08)	(0.93)
Exceptional item	5.90	—
Prior period items (net)	(1.95)	(1.39)
Operating profit before working capital changes	593.13	584.59
Adjustments for :		
Trade receivables	(59.12)	(15.94)
Other receivables	2.40	(30.55)
Inventories	(7.74)	(104.90)
Trade and other payables	(29.05)	199.31
Cash generated from operations	499.62	632.51
Income tax paid (net of refund)	(174.41)	(175.22)
Net cash generated from operating activities	325.21	457.29
(B) Cash flow from investing activities		
Purchase of fixed assets	(238.35)	(258.28)
Sale of fixed assets	7.60	1.57
Loans to subsidiaries	(18.85)	(18.60)
Repayment of loan subsidiaries	17.85	2.28
Purchase of investments	(2.70)	(202.71)
Sale of investments	197.76	115.18
Interest received	3.07	3.64
Dividend received	16.93	25.01
Net cash used in investing activities	(16.69)	(331.91)
(C) Cash flow from financing activities		
Proceeds from long term borrowings	4.06	5.07
Repayment of long term borrowings	(10.66)	(0.94)
Repayment of short term borrowings	(13.59)	(35.10)
Interest paid	(10.40)	(8.28)
Dividend and dividend tax paid	(191.02)	(87.27)
Net cash used in financing activities	(221.61)	(126.52)
(D) Net Increase/(Decrease) in cash and cash equivalents	86.91	(1.14)
Cash and cash equivalents as at 31.03.2008*	41.35	42.49
Cash and cash equivalents as at 31.03.2009*	128.26	41.35

*Refer clause (iv) of Schedule 'F'

As per our report of even date

For and on behalf of the Board

For **Shah & Co.**
Chartered AccountantsFor **B S R & Associates**
Chartered Accountants**Ashwin Choksi**
Chairman**Ashwin Dani**
Vice Chairman**Abhay Vakil**
Director**H. N. Shah**
Partner
Membership No. 8152**Natrajan Ramkrishna**
Partner
Membership No. 32815**P. M. Murty**
Managing Director &
CEO**Tarjani Vakil**
Chairperson of
Audit Committee**Jayesh Merchant**
Chief Financial Officer &
Company SecretaryMumbai
12th May, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

		(Rs. in Crores)	
		As at 31.03.2009	As at 31.03.2008
SCHEDULE A : SHARE CAPITAL			
Authorised			
9,95,00,000	(Previous year 9,95,00,000) Equity Shares of Rs.10/- each	99.50	99.50
50,000	(Previous year 50,000) 11% Redeemable Cumulative Preference shares of Rs. 100/- each	0.50	0.50
		100.00	100.00
Issued, Subscribed and Paid up capital			
9,59,19,779	(Previous year 9,59,19,779) Equity Shares of Rs. 10/- each fully paid:		
(a)	9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of Rs. 10/- each fully paid up issued on capitalisation of Share premium account (Rs. 2.19 crores) and General Reserves (Rs. 91.80 crores)		
(b)	2,94,000 (Previous year 2,94,000) shares of Rs. 10/- each issued as fully paid up pursuant to the Scheme of Amalgamation of Pentasia Chemicals Ltd., without payment being received in cash.	95.92	95.92
		95.92	95.92
SCHEDULE B : RESERVES AND SURPLUS			
	Capital Reserve [Rs. 5,000/-, (Previous year Rs 5,000/-)]	—	—
	Capital Redemption Reserve	0.50	0.50
	General Reserve		
	As per last Balance Sheet	632.08	497.66
	Add: Transfer from Profit and Loss Account	135.97	134.42
		768.05	632.08
	Profit and Loss Account	230.00	200.00
		998.55	832.58

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE C : SECURED AND UNSECURED LOANS		
Secured Loans		
Long Term :		
Loans		
Financial institution (Sales tax deferment scheme – State of Uttar Pradesh) (Note No. 1)	24.59	23.13
	24.59	23.13
Short Term :		
Loans from banks		
Cash credit accounts (Note No. 2)	—	13.57
	24.59	36.70
Unsecured Loans		
Long Term :		
Trade deposits – Interest free	9.24	17.30
Sales tax deferment scheme – State of Andhra Pradesh (Note No. 3)	40.70	40.70
	49.94	58.00
Notes:		
(1) Interest free Term loan from the Pradeshiya Industrial Corporation of U.P. Limited (PICUP) under Sales Tax Deferment Scheme of Government of U.P. is secured by a first charge on the Company's immovable properties pertaining to the paint plant at Kasna and by way of hypothecation of all movable properties at the above location. Amount repayable within one year.	24.59	23.13
	2.57	2.60
(2) Secured by hypothecation of inventories, book debts and other current assets.	—	13.57
(3) Sales tax deferment – State of Andhra Pradesh represents interest free loan availed under the Sales Tax Deferment Scheme of the Government of Andhra Pradesh Amount repayable within one year.	40.70	40.70
	—	—

SCHEDULES FORMING PART OF THE ACCOUNTS**Schedule D : FIXED ASSETS**

(Rs. in Crores)

	Gross Block		Depreciation/Amortisation		Impairment		Net Block	
	As at 1.4.2008	Additions during the year	As at 31.3.2008	During the year	As at 1.4.2008	Additions	As at 31.3.2009	As at 31.3.2008
Tangible Assets :								
Freehold Land	86.07	4.31	—	—	—	—	90.38	86.07
Leasehold Land	14.20	14.70	0.97	0.36	—	—	27.08	13.23
Buildings*	158.98	44.17	40.65	5.43	—	—	159.33	118.33
Plant and Machinery	508.32	114.55	307.12	36.26	13.58	0.09	265.11	187.62
Assets given on Operating Lease: Tinting systems	95.55	0.00	64.20	4.51	23.92	—	2.74	7.43
Scientific Research:								
– Equipment	12.15	23.15	8.18	3.19	0.50	—	23.43	3.47
– Buildings*	3.11	37.02	0.77	0.98	—	—	36.12	2.34
Furnitures and Office Equipment	23.71	7.85	16.82	2.81	1.65	0.01	10.13	5.24
Vehicles	2.67	—	1.46	0.35	—	—	0.86	1.21
Leasehold improvements	—	3.45	—	0.84	—	—	2.61	—
Intangible Assets :								
Trademark	11.92	—	11.92	—	—	—	—	—
Software	21.21	3.55	17.32	2.32	—	—	5.12	3.89
Total	937.89	252.75	469.41	57.05	39.65	0.10	622.91	428.83
Previous year	806.20	138.33	430.92	43.70	40.37	0.07	428.83	—

* "Scientific Research - Building" amounting to Rs. 3.11 crores has been reclassified under "Buildings" subsequent to the relocation of Research and Development facility from Bhandup to Turbhe

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	Nos.	Face value (Rs.)	As at 31.03.2009	As at 31.03.2008
SCHEDULE E : INVESTMENTS				
Long Term Investments				
Unquoted				
(i) In Government Securities				
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities [Rs. 34,500/- (Previous year Rs. 34,500/-)]				
			—	—
(ii) Trade Investments				
(a)	1,46,25,000	10/-	14.63	14.63
(b)	12,900	10/-	0.01	0.01
(c)	2,830	100/-	0.03	0.03
(d)	4,78,270	10/-	0.48	0.48
			15.15	15.15
(iii) Other investments				
(a)	62,500	10/-	0.50	0.50
			0.50	0.50
(iv) Subsidiary Companies				
(a)	5,000	100/-	18.19	18.19
(b)	3,04,50,000	10/-	30.45	15.00
	(1,50,00,000)			
(c)	2,80,45,444	US \$ 1	132.43	132.43
			(39.50)	(33.60)
			92.93	98.83
(d)	10,84,770	NRs 10/-	0.12	0.12
(e)	50,000	10/-	0.05	0.05
			141.74	132.19
Total Long Term Unquoted Investments			157.39	147.84
Quoted				
(i) Trade Investments				
	37,60,783	10/-	77.25	77.25
(ii) Other Investments				
	93,000	10/-	0.12	0.12
	3,418	10/-	0.01	0.01
Total Long Term Quoted Investments			77.38	77.38
Total Long Term Investments			234.77	225.22

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)				
	Nos.	Face value (Rs.)	As at 31.03.2009	As at 31.03.2008
Current Investments (Unquoted)				
ABN AMRO Flexible Short Term Plan Series A Monthly Div. (2,92,69,876.206 units sold during the year)	(2,92,69,876.206)	10/-	—	29.27
HDFC Quarterly Interval Fund – Plan C Div. (2,89,81,451.870 units sold during the year)	(2,89,81,451.870)	10/-	—	29.00
ICICI Prudential Interval Fund II Qtrly Interval Plan C. (2,90,00,000.000 units sold during the year)	(2,90,00,000.000)	10/-	—	29.00
ING Fixed Maturity Fund – Series 34 – Inst. – Div. (1,00,00,000.000 units sold during the year)	(1,00,00,000.000)	10/-	—	10.00
ING Fixed Maturity Fund – 42 Inst. (1,90,00,000.000 units sold during the year)	(1,90,00,000.000)	10/-	—	19.00
Sundaram BNP Paribas Interval Fund – Qtrly. Plan C (2,92,30,884.826 units sold during the year)	(2,92,30,884.826)	10/-	—	29.23
TATA Fixed Income Portfolio Fund Scheme A2 Inst. Div. (2,89,70,160.734 units sold during the year)	(2,89,70,160.734)	10/-	—	29.00
UTI Fixed Maturity Plan QFMP (0208/II) I Inst. (2,31,60,275.996 units sold during the year)	(2,31,60,275.996)	10/-	—	23.16
Total Current Investments			—	197.66
Total Investments			234.77	422.88
Aggregate market value of Long term Quoted Investments :			178.76	254.26

Note:

1. Figures in brackets indicate that of previous year.
2. Investments in shares are fully paid-up except where indicated.

SCHEDULES FORMING PART OF THE ACCOUNTS

3. The following investments were purchased and sold during the year.

	Nos.	Face Value (Rs.)	Purchase Cost (Rs. in Crores)
Units in Mutual Funds			
(1) BIRLA SUN LIFE Cash Plus – Institutional Premium – Daily Dividend	30,74,00,568.891	10.00	308.00
(2) BIRLA SUN LIFE Cash Plus – Retail – Daily Dividend	11,79,78,946.173	10.00	118.06
(3) BIRLA SUN LIFE Savings Fund Institutional – Growth	76,36,778.490	10.00	12.00
(4) BSL Interval Income – Institutional – Monthly – Series 2 Dividend Payout	1,00,00,000.000	10.00	10.00
(5) DSP Merrill Lynch Liquid Plus Institutional Plan Daily Dividend	3,19,802.392	1,000.00	32.01
(6) DSP Merrill Lynch Liquidity Fund – Institutional – Daily Dividend	5,69,886.023	1,000.00	57.00
(7) DWS Insta Cash Plus Fund – Institutional Plan – Daily Dividend	29,94,161.385	10.00	3.00
(8) DWS Insta Cash Plus Fund – Super Institutional Plan Daily Dividend	7,98,40,319.361	10.00	80.00
(9) DWS Money Plus Fund – Institutional Daily Dividend Plan	3,89,75,198.008	10.00	39.01
(10) FORTIS Flexible Short Term Plan Series A Quarterly Dividend	2,90,00,000.000	10.00	29.00
(11) HSBC Cash Fund – Institutional Plus – Daily Dividend	2,99,83,209.502	10.00	30.00
(12) HSBC Liquid Plus – Institutional Plus – Daily Dividend	2,99,67,652.279	10.00	30.01
(13) ICICI Prudential Flexible Income Plan Premium – Daily Dividend	8,98,61,546.886	10.00	95.02
(14) ICICI Prudential Institutional Liquid Plan – Super Institutional Daily Dividend	19,71,01,607.420	10.00	197.11
(15) JM Interval Fund – Quarterly Plan 3 – Institutional Dividend Plan	1,00,00,000.000	10.00	10.00
(16) JM Interval Fund – Quarterly Plan 4 – Institutional Dividend Plan	1,00,00,000.000	10.00	10.00
(17) KOTAK Flexi Debt Scheme – Daily Dividend	3,88,86,680.351	10.00	39.01
(18) KOTAK Flexi Debt Scheme Institutional – Daily Dividend	5,97,43,999.950	10.00	60.03
(19) KOTAK Liquid (Institutional Premium) Daily Dividend	18,65,31,007.671	10.00	228.09
(20) PRINCIPAL Cash Management Fund Liquid Option – Institutional Premium Plan	4,39,96,920.216	10.00	44.00
(21) PRINCIPAL Floating Rate Fund FMP – Institutional Option – Dividend	3,19,70,199.331	10.00	32.01
(22) RELIANCE Liquidity Fund – Daily Dividend Reinvestment Option	11,49,64,361.048	10.00	115.00
(23) RELIANCE Money Manager Fund – Institutional Option – Daily Dividend Plan	7,29,694.542	1,000.00	73.05
(24) RELIGARE Liquid Fund – Super Institutional Daily Dividend	6,69,77,897.294	10.00	67.00
(25) RELIGARE Ultra Short Term Fund – Institutional Daily Dividend	5,69,21,129.548	10.00	57.01
(26) TATA Floater Fund – Daily Dividend	4,58,49,170.647	10.00	46.01
(27) TATA Liquid Super High Investment Fund – Daily Dividend	13,78,657.103	1,000.00	153.65
(28) UTI Liquid Cash Plan Institutional – Daily Income Option	6,57,219.899	1,000.00	67.00
(29) UTI Treasury Advantage Fund – Institutional Plan (Daily Dividend)	2,79,981.853	1,000.00	28.00

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
(i) Interest accrued on investments	0.16	0.09
(ii) Inventories – valued and certified by the Management		
(a) Raw materials	195.08	190.82
(b) Packing materials	15.71	15.48
(c) Finished goods	281.63	287.16
(d) Work-in-process	36.25	29.95
(e) Stores, spares and consumables	16.44	13.80
(f) Other traded items	1.60	1.76
	<u>546.71</u>	<u>538.97</u>
(iii) Sundry debtors (Unsecured)		
(a) Outstanding for more than six months		
Considered good	4.87	4.42
Considered doubtful	5.90	3.12
	<u>10.77</u>	<u>7.54</u>
(b) Other debts		
Considered good	306.15	247.48
Considered doubtful	0.02	0.11
	<u>306.17</u>	<u>247.59</u>
	<u>316.94</u>	<u>255.13</u>
Less: Provision for doubtful debts	5.92	3.23
	<u>311.02</u>	<u>251.90</u>
(iv) Cash and Bank Balances		
(a) Cash on hand	0.08	0.12
(b) Balances with Scheduled Banks:		
(i) Current Accounts	40.28	41.21
(ii) Term Deposits	0.21	0.02
(iii) Cash Credit Accounts	87.69	—
	<u>128.26</u>	<u>41.35</u>
(v) Other Current Assets		
(a) Other Receivables	48.30	33.09
[Includes receivables from subsidiaries Rs. 11.81 Crores (Previous year Rs. 5.82 Crores)]	<u>48.30</u>	<u>33.09</u>
Loans and Advances		
(i) Wholly owned subsidiaries		
(a) Interest bearing loan unsecured and considered good Asian Paints Industrial Coatings Ltd. (Loan of Rs. 12.75 crores covered into equity during the year) [Maximum outstanding during the year Rs. 12.75 crores (Previous year Rs. 12.75 crores)]	3.20	12.75
(b) Interest free loan – unsecured and considered good Technical Instruments Manufacturers (India) Ltd. [Maximum outstanding during the year Rs. 16.75 crores (Previous year Rs. 16.89 crores)]	2.22	16.75
(c) Interest free loan – unsecured and considered good Maxbhumi Developers Limited [Maximum outstanding during the year Rs. 14.29 crores (Previous year Rs. 14.29)]	14.22	14.29
	<u>19.64</u>	<u>43.79</u>
(ii) Other Loans and Advances :		
Unsecured and considered good		
(a) Balances with Customs, Central Excise etc.	15.94	25.80
(b) Sundry deposits	17.27	15.79
(c) Advances/claims recoverable in cash or in kind	49.14	58.41
(d) Advances to employees	1.20	0.70
(e) Advances against capital expenditure	75.78	25.86
(f) Amount due from subsidiaries	2.93	3.39
(g) Advance payment of taxes (Net of provision for tax) [Net of Provision for Tax of Rs. 1154.81 crores (Previous year Rs. 987.62 crores)]	11.76	4.53
	<u>174.02</u>	<u>134.48</u>
Unsecured and considered doubtful		
(a) Advances/claims recoverable in cash or in kind	1.55	0.55
Less: Provision for doubtful advances/claims recoverable in cash or in kind	1.55	0.55
	<u>—</u>	<u>—</u>
	<u>193.66</u>	<u>178.27</u>
	<u>1,228.11</u>	<u>1,043.67</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
(i) Acceptances	176.35	214.47
(ii) Sundry creditors		
– Dues of Micro and small enterprises (Refer Note B – 17 in Schedule 'M')	1.28	0.80
– Others	<u>357.23</u>	<u>374.93</u>
	358.51	375.73
	534.86	590.20
(iii) Investor Education and Protection Fund*		
(a) Unpaid/Unclaimed dividend	2.86	3.10
(b) Unpaid/Unclaimed matured deposits	0.01	0.03
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	<u>0.04</u>	<u>0.04</u>
	2.91	3.17
(iv) Other liabilities		
(a) Employees (including Rs. 3.81 crores due to Wholetime Directors – Previous year Rs. 3.81 crores)	38.63	30.33
(b) Others	<u>195.50</u>	<u>160.86</u>
(including Rs. 0.77 crores due to Non Executive Directors – Previous year Rs. 0.77 crores)		
	234.13	191.19
	771.90	784.56
Provisions		
(i) Proposed Dividend	105.51	100.71
(ii) Provision for tax on Proposed Dividend	17.93	17.12
(iii) Provision for accrued leave	49.02	39.31
(iv) Defined benefit obligations (Refer Note B – 25 in Schedule 'M')	12.27	5.09
(v) Other provisions (Refer Note B – 21 in Schedule 'M')	<u>1.11</u>	<u>4.26</u>
	185.84	166.49
	957.74	951.05
* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2009. These amounts shall be paid to the fund as and when they become due.		

SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
	Year 2008-2009	Year 2007-2008
SCHEDULE H : SALES & OPERATING INCOME		
Sales:		
Home Market (Net of returns)	4,985.44	4,045.53
Exports	17.99	17.30
Turnover	5,003.43	4,062.83
Less: Discounts	208.20	170.73
Sales (Net of discounts)	4,795.23	3,892.10
Operating income:		
Processing charges	11.55	12.38
Lease Rent	0.53	0.59
Revenue from Home Solutions operations	11.82	9.79
	23.90	22.76
	4,819.13	3,914.86
SCHEDULE I : OTHER INCOME		
Interest	3.14	3.71
(TDS Rs. 0.16 crores – Previous year Rs. 0.23 crores)		
Claims received	0.37	0.23
Dividends received		
(i) From subsidiary companies	0.85	0.68
(TDS Rs. 0.04 crores – Previous year Rs. 0.07 crores)		
(ii) Long term investments – Trade	5.05	10.15
(iii) Long term investments – Others	0.23	0.20
(iv) Short term investments	10.80	13.98
	16.93	25.01
Royalty	15.07	9.67
(TDS Rs. 1.64 crores – Previous year Rs. 1.14 crores)		
Sundry balances written back (Net)	0.03	0.64
Provision for liabilities no longer required	3.15	—
Profit on sale of short term investments (net)	0.10	0.96
Profit on sale of assets (net) (Refer Note B – 18 in Schedule 'M')	6.08	0.93
Miscellaneous income	15.19	19.08
	60.06	60.23

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	Year 2008-2009	Year 2007-2008
SCHEDULE J : MATERIAL COST		
Raw Materials Consumed		
Opening Stock	190.82	124.97
Add: Purchases	2,124.19	1,659.52
	<u>2,315.01</u>	<u>1,784.49</u>
Less: Closing Stock	195.08	190.82
	2,119.93	1,593.67
Packing Materials Consumed		
Opening Stock	15.48	13.00
Add: Purchases	428.56	341.75
	<u>444.04</u>	<u>354.75</u>
Less: Closing Stock	15.71	15.48
	428.33	339.27
Cost of Paints purchased for resale		
Opening Stock	3.03	4.23
Add: Purchases	42.54	30.30
(Quantity MT 25,309 – Previous year 17,697 MT)	45.57	34.53
Less: Closing Stock	5.47	3.03
	40.10	31.50
Cost of other goods sold		
Opening Stock	1.76	2.88
Add: Purchases	33.54	25.76
	<u>35.30</u>	<u>28.64</u>
Less: Closing Stock	1.60	1.76
	33.70	26.88
	2,622.06	1,991.32
Decrease/(Increase) in finished goods and work-in-process		
Opening Stock	314.08	277.86
Closing Stock	312.41	314.08
	1.67	(36.22)
(Decrease)/Increase in Excise duty on finished goods		
	(16.80)	1.03
	2,606.93	1,956.13
SCHEDULE K : EMPLOYEE COST		
Salaries, wages, allowances, commission, bonus and accrued leave salary	205.80	167.66
Contribution to Defined contribution plans: Provident and other Funds	11.95	10.09
Defined Benefit Plans (Gratuity and other Plans) (Refer Note B – 25 in Schedule 'M')	9.56	8.14
Staff welfare expenses	11.59	8.78
(For managerial remuneration, Refer Note B – 5b in Schedule 'M')	238.90	194.67

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	Year 2008-2009	Year 2007-2008
SCHEDULE L : MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES		
Stores and spares	16.75	14.37
Power and fuel	45.78	35.86
Processing charges	26.18	25.03
Repairs and Maintenance:		
Buildings	4.95	3.97
Machinery	5.57	5.46
Other assets	15.86	13.35
	26.38	22.78
Rent	34.64	25.68
Rates and taxes	10.84	8.76
Insurance	3.42	3.63
Printing, stationery and communication expenses	21.81	18.02
Travelling expenses	28.35	25.60
Donations	1.82	1.60
Commission to Non Executive Directors	0.87	0.87
Directors' sitting fees	0.15	0.10
Auditors' remuneration	1.01	0.97
Bank charges	5.51	5.19
Exchange difference (Net)	12.05	0.53
Information Technology expenses	8.70	8.77
Legal and professional expenses	5.21	4.75
Training and recruitment	4.22	4.46
Freight and handling charges	173.94	151.60
Advertisement and sales promotional expenses	197.05	164.85
Cash and payment performance discount	199.83	158.96
Commission on sales	0.32	0.44
Bad and doubtful debts	3.48	1.18
Provision for doubtful advances	1.00	0.55
Miscellaneous expenses	33.64	27.35
	862.95	711.90

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE M: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF ACCOUNTS

1. Basis of preparation of financial statement

(a) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements.

2. Fixed Assets

(a) Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds directly attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

(b) Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant asset heads.

(c) Depreciation on all fixed assets is provided under Straight Line Method. The rates of depreciation prescribed in schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on following assets has been provided at rates which are higher than the corresponding rates prescribed in Schedule XIV.

Information Technology Assets	: 4 years
Scientific Research equipment	: 8 years
Furniture and Fixtures	: 8 years
Office equipment and Vehicles	: 5 years

For Phthalic Anhydride and Pentaerythritol plants, depreciation is provided on all eligible plant and machinery at rates applicable for continuous process plants and for other eligible plant and machinery depreciation is provided on triple shift basis.

Depreciation on tinting systems except computers leased to dealers is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation. Depreciation on computers given on lease is provided under straight line method and at rates specified under Schedule XIV to the Companies Act, 1956.

Assets costing less than Rs. 5,000 are fully charged to the profit and loss account in the year of acquisition.

Leasehold land and leasehold improvements are amortised over the primary period of lease.

Purchase cost, user licence fees and consultancy fees for major software are amortised over a period of four years. Acquired Trade mark is amortised over a period of five years.

(d) At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Profit and Loss Account.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on straight line basis over its remaining useful life.

3. Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is on dispatch of goods. The amount recognised as sale is exclusive of sales tax/VAT and are net of returns. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of 'material cost'.

SCHEDULES FORMING PART OF THE ACCOUNTS

Revenue from service is recognised on rendering of services to customers.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

4. Lease Accounting

Assets taken on operating lease:

Lease rentals on assets taken on operating lease are recognised as expense in the Profit and Loss Account on an accrual basis over the lease term.

Assets given on operating lease:

The Company has provided tinting systems to dealers on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

5. Inventory

(a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded items and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.

(b) In determining cost of raw materials, packing materials, traded items, stores, spares 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.

(c) Cost of finished goods and work-in-process 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.

6. Investments

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit and loss on sale of investments is determined on a first-in-first-out (FIFO) basis.

7. Transactions in Foreign Exchange

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

The premium or discount on forward exchange contracts is recognized over the period of the contracts in the Profit and Loss Account.

8. Sundry Debtors

Sundry debtors are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Discounts due, yet to be quantified at the customer level are included under the head 'Current Liabilities and Provisions'.

9. Employee Benefits

A. 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.

B. Post-employment benefits:

(a) Defined contribution plans

Defined contribution plans are Provident Fund scheme, employee state insurance scheme and Government administered Pension Fund scheme for all employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate.

The Company makes specified monthly contributions towards employee provident fund to a Trust administered by the Company. The interest payable by the trust to the beneficiaries every year is being notified by the Government. 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.

SCHEDULES FORMING PART OF THE ACCOUNTS

(b) Defined benefit plans

(i) Defined benefit gratuity plan

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund), towards meeting the Gratuity obligation.

(ii) Defined benefit pension plan

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.

(iii) Defined 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.

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested.

The defined benefit obligations recognised in the Balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and 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 unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the plan.

C. 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.

10. Research and Development

- (a) Capital expenditure is shown separately under respective heads of fixed assets.
- (b) Revenue expenses including depreciation are charged to Profit and Loss account under the respective heads of expenses.

11. Provision for Taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax (computed in accordance with the relevant provisions of the Income Tax Act, 1961).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

12. Provisions and Contingencies

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

13. Earnings Per Share

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

14. Proposed Dividend

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General Meeting.

SCHEDULES FORMING PART OF THE ACCOUNTS**B. NOTES:**

	(Rs. in Crores)	
	2008-2009	2007-2008
1. Estimated amount of contracts remaining to be executed on capital account and not provided for.	180.58	75.09
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31st March, 2009.	54.24	35.25
3. Contingent Liabilities:		
(a) Guarantee given on behalf of Company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems.	21.43	34.72
(b) Corporate guarantees issued by the Company to certain banks on behalf of some of its subsidiaries.	102.99	75.16
(c) The Company has issued letters of comfort/support to banks on behalf of some of its subsidiaries from time to time and the financial support/comfort based on such letters is limited to: The Company has also issued a letter to the board of a subsidiary informing its commitment to continue extending corporate guarantees and letters of comfort for banking facilities as included in the above for a period upto 31st December, 2009.	125.14	115.69
(d) Claims against the Company not acknowledged as debts:		
i. Tax matters in dispute under appeal	47.69	33.72
ii. Others	4.18	3.36
4. Auditors' remuneration:		
Statutory audit fee	0.70	0.65
Tax audit fees	0.06	0.05
Certification fees and other services	0.14	0.16
Out of pocket expenses	0.03	0.04
Cost audit fees	0.04	0.03
In addition, an associate firm of one of the joint statutory auditor's firm has been paid Rs. 0.04 crore for taxation services during the year (Previous year Rs. 0.04 crore).		
5. (a) Computation of Profit for the year ended 31st March, 2009 under Section 349 of the Companies Act, 1956.		
Net Profit as per Profit and Loss Account	362.36	375.20
Add: Provision for tax and fringe benefit tax	167.18	178.58
Provision for deferred tax	16.39	9.38
Less: Surplus on sale of long term investments (Net)	—	—
Profit on sale of assets (Net)	6.08	0.93
Profit under section 349 of the Companies Act, 1956	539.85	562.23
Add: Managerial remuneration	7.11	6.75
Profit under section 198 of the Companies Act, 1956	546.96	568.98
Commission to Non-executive directors:		
Subject to a ceiling of 1% of profit as computed above	5.47	5.69
Commission actually paid	0.87	0.87
Remuneration to Executive directors:		
Subject to a ceiling of 10% of profit as computed above	54.69	56.90
Total Remuneration actually paid	6.09	5.78
(b) Details of managerial remuneration under Section 198 of the Companies Act, 1956		
Salaries and allowances	1.53	1.29
Commission to executive directors (maximum permissible limit is 2% of the Profit as computed under section 349 in aggregate to all three executive directors as approved by the shareholders).	3.00	3.00
Contribution to Provident and Superannuation funds	1.09	1.06
Perquisites	0.47	0.43
Sub Total	6.09	5.78
Sitting Fees to Non-executive directors	0.15	0.10
Commission to Non-executive directors	0.87	0.87
Sub Total	1.02	0.97
Grand Total	7.11	6.75

The above remuneration does not include contribution to gratuity fund and leave encashment/entitlement as this contribution is a lump sum amount based on actuarial valuation.

The Company depreciates certain fixed assets at higher rates of depreciation based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by Schedule XIV of the Companies Act, 1956. The above higher value of depreciation has been considered as deduction for the computation of managerial remuneration in (a) above.

SCHEDULES FORMING PART OF THE ACCOUNTS

6. Production:

Items	Unit	Location	Installed Capacity ⁽¹⁾		Production	
			As at 31.03.2009	As at 31.03.2008	2008-2009	2007-2008
(a) Paints, enamels, varnishes and blacks	MT/KL	In-house ⁽²⁾	4,04,150	3,69,150	3,54,370 ⁽³⁾	3,16,871 ⁽³⁾
		Contract manufacture/ Purchase	—	—	1,41,616	1,29,977
(b) Synthetic Resins (mainly for captive consumption)	MT	In-house ⁽²⁾	1,19,380	1,19,380	71,979 ⁽⁴⁾	70,147 ⁽⁴⁾
(c) Phthalic Anhydride	MT	Ankleshwar	25,200	25,200	19,941 ⁽⁵⁾	24,261 ⁽⁵⁾
(d) Maleic Acid	MT	Ankleshwar	5,400	5,400	3,073	3,770
(e) Pentaerythritol	MT	Cuddalore	5,400	5,400	4,500 ⁽⁶⁾	5,270 ⁽⁶⁾
(f) Sodium Formate	MT	Cuddalore	3,240	3,240	2,080	3,093
(g) Formaldehyde (100%) ⁽⁷⁾	MT	Cuddalore	8,100	8,100	5,363	6,197

(1) Installed capacities are as certified by the management on which auditors have relied.

(2) Manufacturing plants at Mumbai, Ankleshwar, Patancheru, Kasna, Sriperumbudur and Taloja.

(3) Includes 6,012 MT (Previous year 8,166 MT) of products processed for third party.

(4) Includes 2,210 MT (Previous year 3,348 MT) of resins processed for third party.

(5) Includes 10,696 MT (Previous year 10,860 MT) Phthalic Anhydride transferred to paint plants for captive consumption.

(6) Includes 2,375 MT (Previous year 2,877 MT) Pentaerythritol transferred to paint plants for captive consumption.

(7) Mainly for internal consumption in the manufacture of Pentaerythritol.

7. Stocks and Turnover:

	Unit	Opening Stock		Closing Stock		Turnover *	
		Qty.	Value (Rs. in Crores)	Qty.	Value (Rs. in Crores)	Qty.	Value (Rs. in Crores)
(a) Paints, enamels, varnishes and blacks	MT/KL	43,127	279.97	41,475	278.73	4,91,472	4,864.19
		(37,810)	(250.35)	(43,127)	(279.97)	(4,33,318)	(3,906.22)
(b) Phthalic Anhydride	MT	965	5.62	278	1.46	9,932	60.20
		(347)	(2.16)	(965)	(5.62)	(12,783)	(86.59)
(c) Maleic Acid	MT	—	—	—	—	3,073	2.68
		(—)	(—)	(—)	(—)	(3,770)	(2.90)
(d) Pentaerythritol	MT	108	0.93	141	1.16	2,092	25.91
		(358)	(3.26)	(108)	(0.93)	(2,642)	(27.30)
(e) Sodium Formate	MT	179	0.34	9	0.02	2,245	5.12
		(252)	(0.49)	(179)	(0.34)	(3,166)	(6.42)
(f) Formaldehyde (100%)	MT	132	0.30	126	0.26	400	1.49
		(39)	(0.09)	(132)	(0.30)	(368)	(1.21)
(g) Others (Refer Note (ii) below)		—	—	—	—		43.84 (32.19)
Total			287.16 (256.35)		281.63 (287.16)		5,003.43 (4,062.83)

* Includes sale of materials processed outside, resale of finished paints and dealer tinting systems purchased.

(i) Figures in brackets are for the previous year.

(ii) This comprises of resins, machinery spares, stationery items, dealer tinting systems and other miscellaneous items.

SCHEDULES FORMING PART OF THE ACCOUNTS

8. Raw materials consumed:

	Unit	2008-2009		2007-2008	
		Qty.	Value (Rs. in Crores)	Qty.	Value (Rs. in Crores)
(a) Pigments, extenders, minerals etc.	MT	2,30,246	691.90	2,07,832	501.10
(b) Additives	MT	33,700	322.65	26,062	220.12
(c) Solvents	MT	8,588	330.08	7,562	241.93
	KL	61,298		65,828	
(d) Resins	MT	32,480	187.28	26,105	135.70
(e) Oils	MT	28,248	186.63	29,239	150.58
(f) Ortho Xylene	MT	23,888	119.23	27,487	133.92
(g) Methanol	MT	6,231	11.25	7,386	14.33
(h) Acetaldehyde	MT	1,714	6.75	1,990	7.46
(l) Monomers	MT	17,401	160.18	13,750	107.78
(j) Others	MT	20,413	103.98	19,617	80.75
Total			2,119.93		1,593.67

9. CIF value of direct imports:

	(Rs. in Crores)	
	2008-2009	2007-2008
(a) Raw materials	380.66	336.49
(b) Stores and Spares	3.76	1.35
(c) Capital goods	33.00	4.69

10. Value of imported and indigenous raw materials and spares consumed and percentage of each to total consumption:

	2008-2009		2007-2008	
	(Rs. in Crores)	% to Total	(Rs. in Crores)	% to Total
(a) Raw materials:				
Direct imports	413.20	19.49	337.00	21.15
Others (including value of consumption of imported raw materials purchased through indigenous sources)	1,706.73	80.51	1,256.67	78.85
	2,119.93	100.00	1,593.67	100.00
(b) Stores and spares:				
Direct imports	3.38	20.19	0.74	5.15
Others	13.38	79.81	13.63	94.85
	16.76	100.00	14.37	100.00

11. Net Dividend remitted in foreign currency:

	2008-2009			2007-2008		
	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (Rs. in Crores)	Number of Non-resident Shareholders	Number of Equity Shares held	Dividend remitted (Rs. in Crores)
Final Dividend 2006-2007	—	—	—	18	33,598	*
Interim Dividend 2007-2008	—	—	—	18	33,598	0.02
Final Dividend 2007-2008	17	31,756	0.03	—	—	—
Interim Dividend 2008-2009	17	31,756	0.02	—	—	—

* Dividend Rs. 33,598/-

SCHEDULES FORMING PART OF THE ACCOUNTS

12. Expenditure in foreign currency:

	(Rs. in Crores)	
	2008-2009	2007-2008
a. Annual maintenance for software	1.10	0.87
b. Professional fees	1.67	0.67
c. Shade cards and other sales promotional Items	2.92	5.30
d. Travelling and Training Expenses	10.35	6.49
e. Others	1.23	1.32
Total	17.27	14.65

13. Earnings in foreign currency:

	(Rs. in Crores)	
	2008-2009	2007-2008
a. Export of own products at FOB value	13.53	13.48
b. Export of traded goods at FOB value	0.94	1.02
c. Royalty	12.98	7.75
d. Other receipts including recoveries from subsidiaries	1.55	2.04
Total	29.00	24.29

14. Sundry debtors include Rs. 1.01 crores (Previous year Rs. 1.45 crores) due from subsidiary companies.

15. The Company has incurred following expenditure on Research and Development:

	(Rs. in Crores)	
	2008-2009	2007-2008
(a) Revenue expenditure:		
Employee cost	16.84	13.71
Depreciation on equipment and building	4.37	0.84
Traveling expenditure	0.51	0.61
Testing and laboratory expenditure	0.42	0.55
Power and fuel	1.47	0.39
Stores and spares	0.30	0.24
Repairs and maintenance	0.25	0.19
Materials consumed	0.39	0.37
Others	2.91	0.76
Total	27.46	17.66
(b) Capital expenditure:		
For Bhandup research and development facility	0.13	0.50
For Turbhe research and development facility *(included in Capital Work in Progress)	25.77	33.69*
Total	25.90	34.19
Note: Leasehold land in Schedule "D" includes an amount of Rs. 14.34 Crores towards purchase of land for Turbhe research and development facility in FY 2008-2009. (Previous year – Nil)		

16. Interest expense:

	(Rs. in Crores)	
	2008-2009	2007-2008
On Bank borrowings	0.81	0.27
On Bill discounting	9.31	7.39
Other interest	0.28	0.61
Total	10.40	8.27

17. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

18. Profit on sale of assets includes Rs. 6.77 crores (Previous year Rs. 0.11 crore) arising out of sale of colour world machines on expiry of lease.
19. A provision of Rs. 5.90 Crores towards diminution in the value of the Company's long term investment in its subsidiary Asian Paints (Bangladesh) Ltd. made through its wholly owned subsidiary Asian Paints (International) Ltd. is recognized in the Profit and Loss account as an exceptional item based on the management's assessment of the fair value of its investment. Deferred tax asset on the above provision is not recognized.
20. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March, 2009 are as under:

FY 2008-09			FY 2007-08		
Number of Contracts	Buy Amount (USD in mn)	Indian Rupees equivalent (in crores)	Number of Contracts	Buy Amount (USD in mn)	Indian Rupees equivalent (in crores)
—	—	—	2	1.70	6.89

The foreign currency exposure not hedged as at 31st March, 2009 is as under:

Currency	Payable		Receivable		Payable (Rs. in Crores)		Receivable (Rs. in Crores)	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
USD	4.76	14.21	2.96	2.58	24.13	56.70	15.01	10.27
EUR	0.49	0.57	—	—	3.30	3.60	—	—
SGD	0.55	0.51	2.20	1.09	1.85	1.46	7.33	3.15
Others	—	—	—	—	0.53	0.83	—	—
Total					29.81	62.59	22.34	13.42

21. Pursuant to the Accounting Standard (AS 29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2009 is as follows:

(Rs. in Crores)

	Provision for excise	
	2008-2009	2007-2008
Opening Balance	4.26	4.26
Additions	—	—
Utilisations	—	—
Reversals	3.15	—
Closing Balance	1.11	4.26

Note: Excise provision is made towards matters disputed at various appellate levels.

22. The Company has recognised deferred tax arising on account of timing differences, being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS 22) – Accounting for Taxes on income.

The major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31st March, 2009 are as follows:

(Rs. in Crores)

	As at 31.03.2009	As at 31.03.2008
Deferred tax liabilities		
Difference between the Written down Value/Capital work in progress of assets as per books of account and Income Tax Act, 1961.	(67.94)	(48.27)
Total deferred tax liabilities	(67.94)	(48.27)
Deferred tax assets		
Expenses allowed for tax purpose on payment basis	15.82	13.49
Provision for doubtful debts	1.98	1.07
Voluntary Retirement scheme (VRS) expenditure debited to Profit and Loss Account but allowed in Income Tax over five years	0.75	0.71
Capital Losses carried forward under the Income Tax Act, 1961.	1.48	1.48
Total deferred tax assets	20.03	16.75
Net deferred tax (liability)	(47.91)	(31.52)
Deferred tax (expense) for the year	(16.39)	(9.38)

SCHEDULES FORMING PART OF THE ACCOUNTS

23. I. Pursuant to Accounting Standard (AS 19) – Leases, the following information is given:

- (a) The Company has provided tinting systems to its dealers on an operating lease basis. The lease period varies between six and ten years. Lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement. The equipment shall be used only to tint products of the lessor.
- (b) Future minimum lease rentals receivable as at 31st March, 2009 as per the lease agreements:

	(Rs. in Crores)	
	2008-2009	2007-2008
i) Not later than one year	0.36	0.54
ii) Later than one year and not later than five years	0.11	0.47
iii) Later than five years	—	—
Total	0.47	1.01

The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into between the Company and the dealers and variation made thereto. Lease rentals are reviewed periodically taking into account prevailing market conditions.

- (c) Total amount of contingent rents recognised as income – Nil.
- (d) The initial direct cost relating to acquisition of tinting system is capitalised.
- (e) The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.
- II. (a) The Company has taken certain assets such as cars, computers and Systems hardware on an operating lease basis. The lease rentals are payable by the Company on a monthly or quarterly basis.
- (b) Future minimum lease rentals payable as at 31st March, 2009 as per the lease agreements:

	(Rs. in Crores)	
	2008-2009	2007-2008
i) Not later than one year	3.09	3.53
ii) Later than one year and not later than five years	3.83	5.18
iii) Later than five years	—	—
Total	6.92	8.71

- (c) Lease payments recognised in the Profit and Loss Account for the period are Rs. 4.01 crores (Previous year Rs. 3.52 crores).

24. Pursuant to Accounting standard (AS 27) — Financial Reporting of interests in Joint Venture, the disclosures relating to the Joint Venture viz., Asian PPG industries Limited (hereinafter referred to as JV) are as follows:

- (a) The proportion of interest of the Company in the JV is by way of equal equity participation with PPG Industries Securities Inc., U.S.A.
- (b) The aggregate amount of assets, liabilities, income and expenses related to the Company's interests in the JV as at 31st March, 2009 is as follows:

	(Rs. in Crores)	
	2008-2009	2007-2008
i) Assets	133.17	135.06
ii) Liabilities	59.92	69.05
iii) Income	191.70	197.12
iv) Expenses	184.45	180.35

- (c) The Company's share of capital commitments of the JV as at 31st March, 2009 is Rs. 0.13 crore (Previous year Rs. 6.29 crores).
- (d) The Company's share of contingent liabilities of the JV as at 31st March, 2009 is Rs. 2.54 crores (Previous year Rs. 2.92 crores).
- (e) No contingent liabilities and capital commitments have been incurred as at 31st March, 2009 in relation to the Company's interests in the JV along with the other venturer (Previous year Rs. Nil).

SCHEDULES FORMING PART OF THE ACCOUNTS

25. Employee Benefits:

(1) Short term employee benefits:

The liability towards short term employee benefits for the year ended 31st March, 2009 has been recognised in the Profit and Loss Account.

(2) Post-employment benefits:

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Amount recognised in Balance Sheet						
Present value of funded obligations	60.64	51.73	—	—	—	—
Fair value of plan assets	(52.96)	(50.04)	—	—	—	—
Present value of unfunded obligations	—	—	3.37	2.41	1.12	0.91
Net Liability/(Asset)	7.68	1.69	3.37	2.41	1.12	0.91
Amounts in Balance Sheet:						
Liability	7.68	1.69	3.37	2.41	1.12	0.91
Assets	—	—	—	—	—	—
Net Liability/(Asset)	7.68	1.69	3.37	2.41	1.12	0.91
Expense Recognised in the Statement of Profit & Loss						
Opening defined benefit obligation less benefits paid	—	—	—	—	—	0.96
Current service cost	3.43	2.68	0.02	0.02	0.04	0.04
Interest on defined benefit obligation	4.40	3.44	0.20	0.22	0.08	0.08
Expected return on plan assets	(3.49)	(3.56)	—	—	—	—
Net actuarial losses/(gains) recognized in year	3.84	5.04	0.91	(0.44)	0.12	(0.15)
Effect of the limit in Para 59 (b) of AS-15 (Revised)	—	(0.29)	—	—	—	—
Total, included in “Employee Benefit Expense”	8.18	7.31	1.13	(0.20)	0.24	0.93
Actual return on plan assets	5.98	4.02	—	—	—	—
Reconciliation of benefit obligations & plan assets for the Period:						
Change in defined benefit obligation						
Opening defined benefit obligation	51.73	44.21	2.41	2.74	0.91	0.96
Current service cost	3.43	2.68	0.02	0.02	0.04	0.04
Interest cost	4.40	3.44	0.20	0.22	0.08	0.08
Actuarial losses/(gain)	6.33	5.49	0.91	(0.44)	0.12	(0.15)
Benefits paid	(5.25)	(4.09)	(0.17)	(0.13)	(0.03)	(0.02)
Closing defined benefit obligation	60.64	51.73	3.37	2.41	1.12	0.91
Change in fair value of assets						
Opening fair value of plan assets	50.04	49.99	—	—	—	—
Expected return on plan assets	3.49	3.56	—	—	—	—
Actuarial gain/(losses)	2.49	0.45	—	—	—	—
Contributions by employer	2.19	0.13	0.17	0.13	0.03	0.02
Benefits paid	(5.25)	(4.09)	(0.17)	(0.13)	(0.03)	(0.02)
Closing fair value of plan assets	52.96	50.04	—	—	—	—

SCHEDULES FORMING PART OF THE ACCOUNTS

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post Retirement Medical Benefit (Unfunded Plan)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Assets information						
Category of assets						
Government of India securities	50%	50%	—	—	—	—
Corporate bonds	34%	31%	—	—	—	—
Special deposit scheme	13%	14%	—	—	—	—
Equity shares of Listed Companies	0%	0%	—	—	—	—
Property	0%	0%	—	—	—	—
Insurer Managed Funds	0%	0%	—	—	—	—
Others	3%	5%	—	—	—	—
Grand Total	100%	100%	—	—	—	—
Summary of the actuarial assumptions						
Discount rate (%)	7.95	8.55	7.95	8.55	7.95	8.55
Expected rate of return on assets (%)	7.50	7.50	—	—	—	—

Experience Adjustments for the current and previous three periods

	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Gratuity (Funded)				
Defined Benefit Obligation	60.64	51.73	44.20	45.71
Plan Assets	52.96	50.04	49.99	48.03
Surplus/(Deficit)	(7.68)	(1.69)	5.78	2.32
Experience adjustment on plan liabilities	2.67	3.96	4.36	—
Experience adjustment on plan assets	2.49	0.46	(0.67)	—
Pension (Unfunded)				
Defined Benefit Obligation	3.37	2.41	2.74	2.97
Plan Assets	—	—	—	—
Surplus/(Deficit)	(3.37)	(2.41)	(2.74)	(2.97)
Experience adjustment on plan liabilities	0.80	(0.34)	(0.19)	—
Experience adjustment on plan assets	—	—	—	—
Post Retirement Medical Benefit (Unfunded)				
Defined Benefit Obligation	1.12	0.91	0.96	—
Plan Assets	—	—	—	—
Surplus/(Deficit)	(1.12)	(0.91)	(0.96)	—
Experience adjustment on plan liabilities	0.05	(0.11)	—	—
Experience adjustment on plan assets	—	—	—	—

Notes:

- (a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
 - (b) The Company estimates that the amount to be contributed to the Gratuity fund for the financial year 2009-10 will be Rs. 7.68 crores.
 - (c) The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board (ASB) of the institute of Chartered Accountants of India states benefit involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from Actuarial society of india, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information.
- (3) Long term employee benefits:
- The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2009, based on actuarial valuation carried out using the Projected Accrued Benefit method amounting to Rs. 9.71 crores (Previous year – Rs. 3.38 crores) has been recognised in the Profit and Loss Account.

SCHEDULES FORMING PART OF THE ACCOUNTS

26. Earnings Per Share:

	2008-2009	2007-2008
(a) Basic and diluted earnings per share before exceptional item in rupees (face value – Rs. 10/- per share)	38.39	39.12
(b) Basic and diluted earnings per share after exceptional item in rupees (face value – Rs. 10/- per share)	37.78	39.12
(c) Profit after tax and prior period items but before exceptional item as per Profit and Loss Account	368.26	375.20
(d) Profit after tax and prior period items and exceptional item as per Profit and Loss Account	362.36	375.20
(e) Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

27. Information on related party transactions as required by Accounting Standard – 18 on Related Party Disclosures for the year ended 31st March, 2009.

(Rs. in Crores)

Particulars	Joint Venture		Subsidiaries		Key Management Personnel (1)		Relatives of Key Management Personnel (2)		Companies Controlled by Directors/Relatives		Employee benefit plans where control exists		Others	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Processing of goods (Income)	11.55	12.34												
Sale of goods and other miscellaneous items	10.07	15.14	8.03	6.53					3.51	4.50				
Purchase of goods	0.45	0.20	0.74						125.83	98.16				
Processing of goods (Expense)									0.72	1.02				
Royalty Received	1.74	1.91	13.69	8.07										
Deposits refunded	—	0.06												
Other recoveries	8.83	9.18	1.52	0.84										
Interest received on Loan given			0.39	0.89										
Equity contribution			15.45	5.05										
Loan given			18.85	18.60										
Repayment of loan given			43.00	2.28										
Rent Paid			3.90	1.95										
Remuneration					6.09	5.78	2.05	1.70						
Commission to Non-executive Directors							0.27	0.27						
Sitting Fees Paid to Non-executive Directors							0.05	0.03						
Sitting Fees Received			0.22	0.22										
Other services - receipts			1.37	1.05										
Donation													0.30	1.25
Purchase of Assets			12.40											
Sale of assets	—	0.20												
Dividend received	2.05	—	0.85	0.68										
Contributions during the year											24.49	19.34		
Outstanding as at 31st March:														
Loans			19.64	43.79										
Amount receivable	4.53	8.82	15.82	10.50					0.11	0.11				
Amount payable	0.02		(0.10)	(0.12)	(3.81)	(3.81)	(0.59)	(0.27)	(1.48)	(2.35)	(9.33)	(3.09)		

(1) Key management personnel and relatives of key management personnel are entitled for post employment benefits and other long term employee benefits recognised as per AS-15 (Revised) Employee Benefits in the financial statements. As the same is based on actuarial valuations not identifiable at an individual employee level, the same is not included above.

(2) Under the employment of the Company pursuant to the necessary approvals from the shareholders and the Central Govt. under Section 314 of the Companies Act, 1956.

SCHEDULES FORMING PART OF THE ACCOUNTS

Considering the financial position of the Bangladesh subsidiary, the Company has agreed to waive the charges of royalty and accordingly, no amount in respect thereof is received or accrued in the Profit and Loss account.

Corporate guarantee issued by the Company on behalf of its subsidiaries amounting to Rs. 102.99 crores as at 31st March, 2009. (Previous year Rs. 75.16 crores)

The Company has issued letters of comfort/support to banks on behalf of some of its subsidiaries from time to time and the financial support/comfort based on such letters is limited to Rs. 125.14 crores as on 31st March, 2009 (Rs. 115.69 crores as on 31st March, 2008).

The Company has also issued a letter to the Board of a subsidiary informing its commitment to continue extending corporate guarantees and letters of comfort for banking facilities as included in the above for a period upto 31st December, 2009.

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

	(Rs. in Crores)	
	2008-09	2007-08
Sale of goods		
Asian PPG Industries Ltd.	10.07	15.14
Resins & Plastics Limited	3.50	4.33
Asian Paints (Nepal) Pvt. Ltd.	3.35	2.27
Others	4.19	4.18
	21.11	25.92
Purchase of Goods		
Hitech Plast Ltd.	108.73	83.53
Others	18.29	14.83
	127.02	98.36
Royalty Received		
SCIB Chemicals S.A.E., Egypt	5.46	3.40
Berger International Limited	4.68	2.87
Asian PPG Industries Ltd.	1.74	1.91
Others	3.55	1.80
	15.43	9.98
Contributions during the year		
Asian Paints Office Provident Fund	11.55	9.45
Asian Paints Factory Employees Provident Fund	8.73	7.83
Asian Paints Management Cadres Superannuation Scheme	2.02	1.93
Others	2.19	0.13
	24.49	19.34

- (a) **Joint Venture:** Asian PPG Industries Ltd.
 Subsidiary of Joint Venture: Faaber Paints Pvt. Ltd.

(b) **Subsidiaries:**

Direct Subsidiaries:

- Asian Paints (Nepal) Pvt. Limited
- Asian Paints (International) Limited
- Asian Paints Industrial Coatings Limited
- Technical Instruments Manufacturers (India) Limited*
- Maxbhumi Developers Limited

* A Scheme of amalgamation for the merger of Technical Instruments Manufacturers (India) Limited with Asian Paints Ltd. effective 1st April, 2009 has been filed with the Hon'ble High court of Bombay.

SCHEDULES FORMING PART OF THE ACCOUNTS

Subsidiaries of the wholly owned subsidiary, Asian Paints (International) Limited, Mauritius:

Asian Paints (South Pacific) Holdings Limited

Asian Paints (South Pacific) Limited

Asian Paints (Tonga) Limited*

Asian Paints (S.I.) Limited

Asian Paints (Vanuatu) Limited

Asian Paints (Lanka) Limited

Asian Paints (Bangladesh) Limited

Asian Paints (Middle East) LLC.

SCIB Chemicals S.A.E., Egypt.

Berger International Limited, Singapore.

* Acquired the balance 49% stake during the year.

Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited.*

* The Company ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, but it still continues to remain a separate legal entity pending legal formalities.

Subsidiary of Taubmans Paint (Fiji) Limited:

Samoa Paints Limited.

Subsidiary of Asian Paints (Lanka) Limited:

Asian Paints Distributors (Pvt.) Limited.

(In Voluntary Liquidation)

Subsidiaries of Berger International Limited, Singapore:

Berger Paints Singapore Pte Ltd.

Berger Building Services (Singapore) Pte. Ltd.

Berger International Sdn Bhd.

Berger Paints (Thailand) Ltd.

Berger Paints (China) Co. Ltd.(formerly known as Berger Paints (Ningbo) Co. Ltd.)

Berger Paints (Hong Kong) Ltd.

Enterprise Paints Limited.

Universal Paints Limited.

Lewis Berger (Overseas Holdings) Ltd.

Subsidiary of Berger Building Services (Singapore) Pte. Ltd.:

Berger Contractor (Singapore) Pte. Ltd.

Subsidiary of Enterprise Paints Limited:

Nirvana Investments Ltd.

Subsidiary of Nirvana Investments Ltd.:

Berger Paints Emirates Ltd.

Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Ltd.

Berger Paints Trinidad Ltd.

Berger Paints Barbados Ltd.

Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.

SCHEDULES FORMING PART OF THE ACCOUNTS

(c) Key management personnel:

Name of the Director	Designation
Ashwin Choksi*	Chairman
Ashwin Dani*	Vice Chairman & Managing Director
Abhay Vakil*	Managing Director
P. M. Murty	Whole time Director (w.e.f. 5th March, 2009) and as Managing Director & CEO (w.e.f. 1st April, 2009)

* The contractual terms of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Executive Directors came to an end on 31st March 2009. With effect from 1st April, 2009, Mr. Ashwin Choksi has been appointed as Non-Executive Chairman, Mr. Ashwin Dani as Non-Executive Vice Chairman and Mr. Abhay Vakil as Non-Executive Director.

(d) Relatives of Key management personnel:

Directors:

Mahendra Choksi	Non-Executive Director
Amar Vakil	Non-Executive Director
Hasit Dani	Non-Executive Director

Employees:

Jalaj Dani	Nehal Vakil
Manish Choksi	

(e) Companies controlled by Directors/Relatives :

AR Intertect Design Pvt. Ltd.	Hitech Plast Ltd.	Ricinash Oil Mill Ltd.
Rangudyan Insurance Broking Services Ltd.	Jalaj Trading and Investments Pvt.Ltd.	Suryakant Paint Accessories Private Limited
Asteroids Trading and Investments Pvt. Ltd.	Jaldhar Investments and Trading Co. Pvt. Ltd.	Rupen Investments and Industries Pvt. Ltd.
Castle Investments and Industries Pvt. Ltd.	Jatayu Investments Ltd.	S.C. Dani Research Foundation Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Kalica Paper Industries Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Clear Plastics Limited	Lambodar Investments & Trading Co. Ltd.	Sapan Investments Pvt. Ltd.
Coating Specialties (India) Ltd.	Lyon Investments and Industries Pvt. Ltd.	Satyadhama Investments & Trading Co. Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Mipak Polymers Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Dani Finlease Ltd.	Murahar Investments and Trading Co. Ltd.	Suprasad Investments & Trading Co. Ltd.
Doli Trading and Investments Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Suptaswar Investments and Trading Co. Ltd.
Elcid Investments Ltd.	Nehal Trading and Investments Pvt. Ltd.	Tru Trading and Investments Pvt. Ltd.
ELF Trading and Chemical Mfg. Co. Ltd.	Omega Properties Pvt. Ltd.	Ultramarine & Pigments Ltd.
Geetanjali Trading & Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Unnati Trading and Investments Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Marketing Pvt. Ltd.	Vikatmev Containers Ltd.
Himanshu Holdings Pvt. Ltd	Resins and Plastics Ltd.	
Hiren Holdings Pvt. Ltd.		

(f) Employee Benefit Funds where control exists:

- Asian Paints Office Provident Fund
- Asian Paints Factory Employees' Provident Fund
- Asian Paints Management Cadres' Superannuation Scheme
- Asian Paints (India) Limited Employees' Gratuity Fund

(g) Other entities over which there is a significant control:

- Asian Paints Charitable Trust.

SCHEDULES FORMING PART OF THE ACCOUNTS

28. Segment information for the year ended 31st March, 2009:

(Rs. in Crores)

	2008-2009			2007-2008		
	Paints	Others*	Total	Paints	Others*	Total
REVENUE						
Net sales						
External sales (Net)	4,184.45	85.60	4,270.05	3,311.87	107.19	3,419.06
Inter-Segment sales	—	83.30	83.30	—	86.41	86.41
Other income	36.44	1.32	37.76	24.29	0.92	25.21
Total revenue	4,220.89	170.22	4,391.11	3,336.16	194.52	3,530.68
RESULT						
Segment result	594.27	14.52	608.79	566.47	26.06	592.53
Unallocated expenses			(66.91)			(54.74)
Operating Profit			541.88			537.79
Interest expenses			(10.40)			(8.27)
Interest income			2.79			3.41
Dividends			16.08			24.33
Exchange difference			—			—
Profit/(Loss) on sale of long term Investments			—			—
Profit/(Loss) on sale of short Term investments			0.10			0.96
Profit on sale of assets			0.07			0.89
Miscellaneous income			2.96			5.07
Sundry balance written back			0.30			0.37
Extraordinary items			(5.90)			—
Income taxes			(183.57)			(187.96)
Net Profit before prior period items			364.31			376.59
OTHER INFORMATION						
Segment assets	1,702.12	62.93	1,765.05	1,376.77	96.99	1,473.76
Unallocated assets			430.00			547.21
Total assets			2,195.05			2,020.97
Segment liabilities	792.90	21.70	814.60	799.64	15.79	815.43
Unallocated liabilities			285.98			277.04
Total liabilities			1,100.58			1,092.47
Capital expenditure	248.75	2.90	251.65	134.67	1.54	136.21
Unallocated capital expenditure			1.08			2.14
Total			252.73			138.35
Depreciation/impairment	53.22	3.40	56.61	38.76	3.30	42.06
Unallocated depreciation/Impairment			0.54			1.71
Total			57.15			43.77

* Others include Company's business units manufacturing Phthalic Anhydride and Pentaerythritol.

29. Previous year's figures have been regrouped, wherever necessary.

Signatures to Schedules A to M

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered AccountantsFor B S R & Associates
Chartered AccountantsAshwin Choksi
ChairmanAshwin Dani
Vice ChairmanAbhay Vakil
DirectorH. N. Shah
Partner
Membership No. 8152Natrajan Ramkrishna
Partner
Membership No. 32815P. M. Murty
Managing Director &
CEOTarjani Vakil
Chairperson of
Audit CommitteeJayesh Merchant
Chief Financial Officer &
Company SecretaryMumbai
12th May, 2009

STATEMENT

PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code Balance Sheet Date
Date Month Year

II. Capital Raised During the Year (Amount – Rs. in Thousands)

Public Issue

Cancellation of Shares

Rights Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount – Rs. in Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Deferred Revenue Expenditure

Accumulated Losses

IV. Performance of Company (Amount – Rs. in Thousands)

Turnover

Total Expenditure

+ - Profit/(Loss) Before Tax

+ - Profit/(Loss) After Tax

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share (Rs.)

 .

Dividend Rate %

V. Generic Names of three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)

Product Description

 ,

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Consolidated Financial Statements

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ASIAN PAINTS LIMITED

We have audited the attached consolidated Balance Sheet of Asian Paints Limited and its subsidiaries (collectively referred to as Asian Paints Group) as at 31 March, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of subsidiaries mentioned in Annexure to this report whose total assets and total revenues are mentioned in the annexure to this report. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

The financial statements of subsidiaries Asian Paints Industrial Coatings Limited, Technical Instruments Manufacturers (India) Limited and Maxbhumi Developers Limited for the year ended 31 March, 2009 have been audited by one of the joint auditors, Shah & Co., Chartered Accountants.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements

of Accounting Standard (AS-21) on Consolidated Financial Statements, (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements and (AS-27) on Financial reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its aforesaid subsidiaries, associates and joint venture as listed in Note B-4 of Schedule 'M' of notes on consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report/report of other auditors as explained above, on the individual audited financial statements of the Company and its aforesaid subsidiaries, associates and joint venture, we are of the opinion that that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Asian Paints Group as at 31 March, 2009;
- (ii) in the case of Consolidated Profit and Loss Account, of the consolidated profit for the Asian Paints Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Asian Paints Group for the year ended on that date.

For Shah & Co.
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Mumbai
12th May, 2009

For B S R & Associates
Chartered Accountants

Natrajan Ramkrishna
Partner
Membership No. 32815

ANNEXURE

The subsidiary companies considered in the consolidated financial statements are:

Direct Subsidiaries:

(Rs. in Crores)

Name of the Company	Financial Year	Total Assets	Total Revenues
Asian Paints (Nepal) Pvt. Limited	15 th Jan-13 th Jan	22	26
Asian Paints (International) Limited *	Jan-Dec	654	921
Asian Paints Industrial Coatings Limited	Apr-Mar	45	60
Technical Instruments Manufacturers (India) Limited **	Apr-Mar	11	4
Maxbhumi Developers Limited	Apr-Mar	14	-

* Asian Paints (International) Limited has increased its stake in Asian Paints (Tonga) Limited from 51% to 100% effective from 06 October, 2008.

** A scheme of amalgamation for the merger of Technical Instruments Manufacturers (India) Limited with Asian Paints Ltd. effective 1st April, 2009 has been filed with the Hon'ble High Court of Bombay.

Indirect Subsidiaries:

- (i) Subsidiaries of the wholly owned subsidiary, Asian Paints (International) Limited, Mauritius.

	Accounting period
Asian Paints (South Pacific) Holdings Limited	Jan-Dec
Asian Paints (South Pacific) Limited	Jan-Dec
Asian Paints (Tonga) Limited	Jan-Dec
Asian Paints (S.I.) Limited	Jan-Dec
Asian Paints (Vanuatu) Limited	Jan-Dec
Asian Paints (Lanka) Limited	Jan-Dec
Asian Paints (Bangladesh) Limited	Jan-Dec
Asian Paints (Middle East) LLC	Jan-Dec
SCIB Chemical S.A.E.	Jan-Dec
Berger International Limited, Singapore	Jan-Dec

- (ii) Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited***	Jan-Dec
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*** The Company ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, but it still continues to remain a separate legal entity pending legal formalities.

- (iii) Subsidiary of Taubmans Paint (Fiji) Limited:

Samoa Paints Limited	Jan-Dec
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- (iv) Subsidiary of Asian Paints Lanka Limited:

Asian Paints Distributors (Pvt.) Limited (In Voluntary Liquidation)	Jan-Dec
---------------------------------------------------------------------	---------

- (v) Subsidiaries of Berger International Limited, Singapore

	Accounting period
Berger Paints Singapore Pte. Ltd.	Jan-Dec
Berger Building Services (Singapore) Pte. Ltd.	Jan-Dec
Berger International Sdn Bhd.	Jan-Dec
Berger Paints (Thailand) Ltd.	Jan-Dec
Berger Paints (China) Co. Ltd. (formerly known as Berger Paints (Ningbo) Co. Ltd.)	Jan-Dec
Berger Paints (Hong Kong) Ltd.	Jan-Dec
Enterprise Paints Limited	Jan-Dec
Universal Paints Limited	Jan-Dec
Lewis Berger (Overseas Holdings) Ltd.	Jan-Dec

- (vi) Subsidiary of Berger Building Services (Singapore) Pte Ltd.

Berger Contractor (Singapore) Pte. Ltd.	Jan-Dec
-----------------------------------------	---------

- (vii) Subsidiary of Enterprise Paints Limited:

Nirvana Investments Ltd.	Jan-Dec
--------------------------	---------

- (viii) Subsidiary of Nirvana Investments Ltd.

Berger Paints Emirates Ltd.	Jan-Dec
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- (ix) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Ltd.	Jan-Dec
Berger Paints Trinidad Ltd.	Jan-Dec
Berger Paints Barbados Ltd.	Jan-Dec

- (x) Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.	Jan-Dec
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Joint Venture:

The Joint Venture unit considered in the consolidated financial statements is Asian PPG Industries Limited, a joint venture between the parent Company and PPG Industries Securities Inc., U.S.A., wherein the parent Company has equal equity participation.

Subsidiary of Joint Venture:

Asian PPG Industries Ltd. has a 100% stake in Faaber Paints Pvt. Ltd. The accounts of the said Company are incorporated with that of the Joint Venture for the purpose of consolidation.

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

Mumbai
12th May, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

		(Rs. in Crores)	
	Schedules	As at 31.03.2009	As at 31.03.2008
FUNDS EMPLOYED			
Shareholders' Funds			
Share Capital	A	95.92	95.92
Reserves and Surplus	B	1,107.25	886.45
		1,203.17	982.37
Loan Funds			
Secured Loans	C	125.35	121.12
Unsecured Loans		183.27	154.09
		308.62	275.21
Deferred Tax Liability (Net) (Refer Note B-8 in Schedule 'M')		53.31	39.08
Minority Interest		75.57	57.37
Total		1,640.67	1,354.03
APPLICATION OF FUNDS			
Goodwill on consolidation		50.55	44.35
Fixed Assets			
Gross Block	D	1,461.41	1,211.22
Less: Depreciation		648.38	633.66
Net Block		813.03	577.56
Add: Capital Work in Progress		92.11	114.18
		905.14	691.74
Investments	E	78.40	276.65
Current Assets, Loans and Advances			
Interest accrued on investments	F	0.55	0.09
Inventories		768.95	714.01
Sundry debtors		571.92	460.33
Cash and Bank Balances		210.37	110.71
Other Current Assets		49.12	55.96
Loans and Advances		197.80	152.52
		1,798.71	1,493.62
Less: Current Liabilities and Provisions	G		
Current Liabilities		1,011.14	985.93
Provisions		180.99	166.40
		1,192.13	1,152.33
Net Current Assets		606.58	341.29
Total		1,640.67	1,354.03
Significant accounting policies and notes to Consolidated Financial Statements	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

P. M. Murty
Managing Director &
CEO

Tarjani Vakil
Chairperson of
Audit Committee

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
12th May, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Crores)

	Schedules	Year 2008-2009	Year 2007-2008
INCOME			
Sales and operating income (Net of discounts)	H	6,043.84	4,938.56
Less: Excise duty		580.61	531.33
Sales and operating income (Net of discounts and excise duty)		5,463.23	4,407.23
Other income	I	51.68	59.60
		5,514.91	4,466.83
EXPENDITURE			
Material Cost	J	3,370.64	2,577.64
Employee Cost	K	371.52	306.66
Manufacturing, administrative, selling and distribution expenses	L	1,051.67	862.35
		4,793.83	3,746.65
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			
		721.08	720.18
Less: Interest		26.32	21.16
Less: Depreciation	D	74.38	59.17
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS			
		620.38	639.85
Less: Exceptional Item (Refer note B-13 and note B-7 in Schedule 'M')		1.24	6.84
PROFIT BEFORE TAX AND PRIOR PERIOD ITEM			
		619.14	633.01
Less: Provision For Taxation			
Current Tax		179.34	184.79
Deferred Tax (Refer Note B-8 in Schedule 'M')		16.32	10.56
Fringe Benefit Tax		7.36	6.43
Tax Provision for earlier years		(5.63)	1.59
PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS			
		421.75	429.64
Add/(Less): Prior period item (Net)		(2.27)	(1.59)
PROFIT AFTER TAX AND PRIOR PERIOD ITEMS			
		419.48	428.05
Less: Minority Interest		21.64	18.87
ATTRIBUTABLE TO SHAREHOLDERS			
		397.84	409.18
Add: Balance brought forward from previous year		200.00	150.00
AMOUNT AVAILABLE FOR APPROPRIATION			
		597.84	559.18
APPROPRIATIONS			
Dividend to shareholders of parent company:			
Equity Shares – Interim dividend		62.35	62.34
– Proposed Final dividend		105.51	100.71
Tax on Dividend (includes tax on proposed dividend)		28.88	27.72
Transfer to General Reserve		171.10	168.41
Balance carried to Balance Sheet		230.00	200.00
		597.84	559.18
Earnings per share (Rs.) Basic and Diluted – before exceptional item		41.61	43.37
Earnings per share (Rs.) Basic and Diluted – after exceptional item (Face value of Rs. 10 each) (Refer Note B-10 in Schedule 'M')		41.48	42.66
Significant accounting policies and notes to Consolidated Financial Statements			
	M		

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

P. M. Murty
Managing Director &
CEO

Tarjani Vakil
Chairperson of
Audit Committee

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
12th May, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rs. in Crores)	
	2008-09	2007-08
A. Cash flow from operating activities:		
Profit before taxation and prior period items	619.14	633.01
<u>Adjustment for:</u>		
Depreciation	74.38	59.17
Impairment of Goodwill	1.24	—
Prior period adjustment	(2.27)	(1.59)
Profit on sale of investments	(0.13)	(1.60)
Loss on disposal of subsidiaries	—	6.84
Gain on disposal of assets	(6.54)	(3.78)
Interest Expense	26.32	21.16
Interest Income	(5.69)	(4.47)
Dividend Income	(14.08)	(24.54)
Effect of exchange rates on translation of operating cashflows	32.06	(17.77)
Operating profit before working capital changes	724.43	666.43
Increase in stocks	(54.94)	(119.43)
Increase in trade and other receivables	(92.22)	(88.85)
(Decrease)/Increase in payables and accruals	4.05	212.27
Cash generated from Operations	581.32	670.42
Income tax paid (Net of refund)	(191.92)	(190.60)
Net cash generated from operating activities	389.40	479.82
B. Cash flow from investing activities:		
Purchase of fixed assets	(310.05)	(308.05)
Proceeds from sale of fixed assets	21.75	26.24
Purchase of investments	—	(198.15)
Sale of investments	198.38	115.83
Interest received	5.23	4.47
Dividend received	14.08	24.54
Cash outflow on additional stake in subsidiary	(1.27)	(0.36)
Cash inflow arising on disposal of subsidiary (net of costs of disposal)	—	0.69
Net cash used in Investing activities	(71.88)	(334.79)
C. Cash flows from financing activities		
Repayment of long term loans	(2.56)	—
Repayment of short term loans	(1.56)	(38.08)
Long term loans availed	—	22.43
Interest paid	(26.32)	(21.16)
Dividend paid (including dividend paid to minority)	(199.93)	(96.82)
Net cash used in financing activities	(230.37)	(133.63)
D. Net Increase in cash and cash equivalents	87.15	11.40
Cash and cash equivalents as at 31st March, 2008*	110.71	105.39
Net effect of changes in exchange rate on cash and cash equivalents	12.51	(6.08)
Cash and cash equivalents as at 31st March, 2009*	210.37	110.71

* Refer clause (iv) of Schedule F

As per our report of even date

For and on behalf of the Board

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

Ashwin Choksi
Chairman

Ashwin Dani
Vice Chairman

Abhay Vakil
Director

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

P. M. Murty
Managing Director &
CEO

Tarjani Vakil
Chairperson of
Audit Committee

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Mumbai
12th May, 2009

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
	As at 31.03.2009	As at 31.03.2008
SCHEDULE A : SHARE CAPITAL		
Authorised		
9,95,00,000 (Previous year 9,95,00,000) Equity Shares of Rs.10/- each	99.50	99.50
50,000 (Previous year 50,000) 11% Redeemable Cumulative Preference shares of Rs. 100/- each	0.50	0.50
	100.00	100.00
Issued, Subscribed and Paid up capital		
9,59,19,779 (Previous year 9,59,19,779) Equity Shares of Rs. 10/- each fully paid up:		
(a) 9,39,89,940 (Previous year 9,39,89,940) Bonus Shares of Rs. 10/- each fully paid up issued on capitalisation of securities premium account (Rs. 2.19 Crores) and General Reserves (Rs. 91.80 Crores).		
(b) 2,94,000 (Previous year 2,94,000) shares of Rs. 10/- each issued as fully paid up pursuant to the Scheme of Amalgamation of Pentasia Chemicals Ltd., without payments being received in cash.	95.92	95.92
	95.92	95.92
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve on consolidation	3.25	2.24
(Refer Note B – 12 in Schedule 'M')		
Capital Reserve [Rs. 5,000/-, (Previous year Rs. 5,000/-)]	—	—
Capital Redemption Reserve	5.37	5.37
General Reserve		
As per last Balance Sheet	697.23	528.61
Add: Transfer from Profit and Loss Account	171.10	168.41
Add/(Less): Transitional provision on implementation of International Financial Reporting Standards by certain subsidiaries	—	0.21
	868.33	697.23
Foreign Currency Translation Reserve		
As per last Balance Sheet	(18.39)	(4.35)
Add: Currency translation during the year	18.69	(13.00)
(Add)/Less: Realised on disposal of Subsidiary Company	—	(1.04)
	0.30	(18.39)
Profit and Loss Account	230.00	200.00
	1,107.25	886.45

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
	As at 31.03.2009	As at 31.03.2008
SCHEDULE C : SECURED AND UNSECURED LOANS		
Secured Loans		
Long Term :		
Financial institutions (Note No. 1(a) & 1(b))	28.34	23.13
Banks (Note No.1(c))	4.81	3.30
Finance Lease liability	0.58	0.43
Short Term :		
Financial institutions (Note No.1(b))	2.14	—
Cash Credit Accounts/Loans from banks (Note No. 2)	89.19	94.03
Finance Lease liability	0.29	0.23
	125.35	121.12
Unsecured Loans		
Long Term :		
Trade Deposits	9.32	17.40
Sales tax deferment scheme – State of Andhra Pradesh (Note No. 3)	40.70	40.70
Short Term :		
Loan from banks (Note No. 4)	133.25	95.99
	183.27	154.09
Notes:		
(1) (a) Interest free term loan from the Pradeshiya Industrial Corporation of U.P. Ltd. (PIC/IP) under Sales Tax Deferment Scheme of U.P. is secured by a first charge of the parent company's immovable properties pertaining to the paint plant at Kasna and by way of hypothecation of all movable properties at the above location	24.60	23.13
(b) Loan availed from Polaris International Industrial Parks SAE secured by way of hypothecation of immovable property.	5.88	—
(c) Partially secured either by fixed/floating charge on the assets of various subsidiaries.	4.81	3.30
	35.29	26.43
(2) Partially secured by hypothecation of inventories, book debts and other current assets of subsidiaries and partially by guarantees/letters of comfort from the parent company	89.19	94.03
(3) Interest free loan availed under the sales tax deferment Scheme of the Government of Andhra Pradesh by parent company.	40.70	40.70
(4) Loans from banks represent: Loans availed by various subsidiaries based on Guarantees/Letter of comfort from the parent company	133.25	95.99

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs.in Crores)

SCHEDULE D : FIXED ASSETS

Particulars	Gross Block			Depreciation/Amortisation			Impairment			Net Block		
	As at 01.04.08	Transla- tion Difference	Addi- tions during the year	Upto 31.03.08	Transla- tion Difference	During the year	As at 01.04.08	Transla- tion Difference	During the year	As at 31.03.09	As at 31.03.08	
Tangible Assets :												
Land – Owned	96.38	1.36	23.66	—	—	—	—	—	—	—	121.40	96.38
Land – Lease hold	28.49	0.19	14.70	0.99	0.37	0.08	1.28	—	—	—	29.13	27.50
Buildings*	207.58	4.43	50.44	48.63	1.18	6.74	55.41	—	—	—	208.14	158.95
Leasehold Buildings	36.63	6.61	0.95	20.81	4.75	0.87	26.15	0.30	—	1.94	15.74	14.18
Plant and Machinery	620.46	16.03	139.33	366.78	11.45	46.17	379.87	—	0.09	8.29	335.87	239.72
Scientific Research :												
— Equipment	12.16	—	37.02	8.18	—	3.18	11.30	—	—	0.48	37.32	3.48
— Buildings*	3.11	—	23.15	0.77	—	0.98	0.90	—	—	—	22.25	2.34
Furnitures and Fixtures	39.81	2.90	10.32	28.64	2.35	3.89	30.94	—	0.01	1.36	16.26	9.45
Office Equipment	13.16	2.46	3.98	9.58	2.01	1.73	11.71	—	—	0.08	6.12	3.49
Vehicles	10.38	1.00	1.07	6.85	0.81	1.19	7.16	—	—	0.03	3.46	3.50
Assets acquired on financial lease												
— Plant & Machinery	0.14	0.03	—	—	—	—	—	—	—	—	0.17	0.14
— Vehicles	1.93	0.41	0.27	1.43	0.33	0.28	2.04	—	—	—	0.57	0.50
Assets given under operating lease	96.40	0.19	0.08	64.85	0.16	4.57	53.47	—	—	17.50	2.95	7.63
Leasehold improvements	—	—	3.45	—	—	0.84	0.84	—	—	—	2.61	—
Intangible Assets	44.59	0.12	4.29	34.29	0.10	3.38	37.51	—	0.03	0.19	11.04	10.30
TOTAL	1,211.22	35.73	312.71	591.80	23.14	74.19	618.58	41.86	0.13	29.80	813.03	577.56
Previous Year	1,083.15	(18.92)	193.25	559.58	(10.34)	58.51	591.80	44.19	0.65	41.86	577.56	—
Capital WIP	114.18	0.50	92.17	—	—	—	—	—	0.01	0.07	92.11	114.18
Previous Year	13.78	—	114.18	—	—	—	—	—	—	—	114.18	—

* "Scientific Research – Building" amounting to Rs. 3.11 crores has been reclassified under "Buildings" subsequent to the relocation of Research and Development facility of the parent company from Bhandup to Turbhe

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	Nos.	Face value	As at 31.03.2009	As at 31.03.2008
SCHEDULE E : INVESTMENTS				
Long Term Investments				
Unquoted				
(i) In Government Securities				
National Savings Certificates, Indira Vikas Patra and Defence Certificates deposited with Government authorities Rs. 34,500/- (Previous year Rs. 34,500/-)				
			—	—
(ii) Trade Investments				
(a) Patancheru Enviro-tech Ltd.	12,900	Rs. 10/-	0.01	0.01
(b) SIPCOT Common Utilities Ltd.	2,830	Rs. 100/-	0.03	0.03
(c) Bharuch Eco-Acqua Infrastructure Ltd.	4,78,270	Rs. 10/-	0.48	0.48
(d) Apco Coatings (NZ) Ltd. (23,500 shares sold during the year)	— (23,500)	NZ\$ 1	—	0.08
(e) Danish for Wood Less: Provision for diminution in the value of investments	2,500	EGP 10	0.02 (0.02)	— —
(f) Middle East Company for Sealants & Adhesives, Egypt (Rs. 43,561/- Previous year Rs. 35,945/-) Less: Provision for diminution in the value of investments (Rs. 43,561/- Previous year Rs. 35,945/-)	50	EGP 100	— —	— —
(g) Master Builders Technologies for trading, Egypt (Rs. 43,561/- Previous year Rs. 35,945/-)	50	EGP 100	—	—
			0.52	0.60
(iii) Other investments				
(a) Equity shares of SKH Metals Ltd.	62,500	Rs. 10/-	0.50	0.50
			0.50	0.50
Total Long Term Unquoted Investments			1.02	1.10
Quoted				
(i) Trade Investments				
ICI (India) Ltd.	37,60,783	Rs. 10/-	77.25	77.25
(ii) Other Investments				
Housing Development Finance Corporation Ltd.	93,000	Rs. 10/-	0.12	0.12
Apcotex Industries Ltd.	3,418	Rs. 10/-	0.01	0.01
Total Long Term Quoted Investments			77.38	77.38
Total Long Term Investments			78.40	78.48

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)				
	Nos.	Face value	As at 31.03.2009	As at 31.03.2008
Current Investments (Unquoted)				
ABN AMRO Flexible Short Term Plan Series A Monthly Div. (2,92,69,876.206 units sold during the year)	—	10/-	—	29.27
HDFC Quarterly Interval Fund - Plan C Div. (2,89,81,451.870 units sold during the year)	—	10/-	—	29.00
ICICI Prudential Interval Fund II Qtrly Interval Plan C. (2,90,00,000.000 units sold during the year)	—	10/-	—	29.00
ING Fixed Maturity Fund - Series 34 - Inst - Div (1,00,00,000.000 units sold during the year)	—	10/-	—	10.00
ING Fixed Maturity Fund - 42 Inst (1,90,00,000.000 units sold during the year)	—	10/-	—	19.00
Sundaram BNP Paribas Interval Fund - Qtrly Plan C (2,92,30,884.826 units sold during the year)	—	10/-	—	29.23
TATA Fixed Income Portfolio Fund Scheme A2 Inst Div (2,89,70,160.734 units sold during the year)	—	10/-	—	29.00
UTI Fixed Maturity Plan QFMP (0208/II) I Inst (2,31,60,275.996 units sold during the year)	—	10/-	—	23.16
SBI Premier Liquid Fund -IP- Daily Dividend (4,99,329.976 units sold during the year)	—	10/-	—	0.51
Total Current Investments			—	198.17
Total Investments			78.40	276.65
Aggregate market value of Long term Quoted Investments :			178.76	254.26

Note :

1. Figures in brackets indicate that of previous year.
2. Investments in shares are fully paid-up except where indicated.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

		(Rs. in Crores)	
		As at 31.03.2009	As at 31.03.2008
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets			
(i) Interest accrued on investments		0.55	0.09
(ii) Inventories – valued and certified by the Management.			
(a) Raw and packing materials	369.10		301.32
(b) Finished goods	340.86		359.99
(c) Work-in-process	40.30		33.86
(d) Stores, spares, consumables and other traded goods.	18.69		18.84
		768.95	714.01
(iii) Sundry debtors (Unsecured)			
(a) Outstanding for more than six months			
Considered good	25.86		16.14
Considered doubtful	31.01		28.50
		56.87	44.64
(b) Other debts			
Considered good	546.06		444.19
Considered doubtful	0.02		0.11
		546.08	444.30
		602.95	488.94
Less: Provision for doubtful debts		31.03	28.61
		571.92	460.33
(iv) Cash and Bank Balances			
(a) Cash on hand	0.10		0.15
(b) Balances with Banks:			
(i) Current Accounts	116.25		107.11
(ii) Term Deposits	3.53		3.45
(iii) Cash Credit Accounts	90.49		—
		210.37	110.71
(v) Other Current Assets			
Employee Benefit Asset (Refer Note B-9 in Schedule 'M')	1.01		5.36
Other Receivables	48.11		50.60
		49.12	55.96
Loans and Advances			
(i) Loans and Advances :			
Unsecured & considered good			
(a) Balances with Customs, Central Excise etc.	16.30		26.59
(b) Sundry deposits	21.88		16.25
(c) Advances/claims recoverable in cash or in kind.	68.75		78.99
(d) Advances to employees	3.17		0.80
(e) Advances against capital expenditure	78.01		28.28
(f) Advance Payment of taxes (Net of provision for tax)	9.69		1.61
		197.80	152.52
Unsecured and considered doubtful			
(a) Advances/claims recoverable in cash or in kind.	1.55		0.55
Less: Provision for doubtful advances/claims recoverable in cash or in kind	1.55		0.55
		—	—
		1,798.71	1,493.62

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

		(Rs. in Crores)	
		As at 31.03.2009	As at 31.03.2008
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
(i) Acceptances		179.54	218.32
(ii) Sundry creditors			
– Trade	441.64		453.94
– Others	112.51		118.02
		554.15	571.96
		733.69	790.28
(iii) Investor Education and Protection Fund*			
(a) Unpaid/Unclaimed dividend	2.86		3.10
(b) Unpaid/Unclaimed matured deposits	0.01		0.03
(c) Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.04		0.04
		2.91	3.17
(iv) Other liabilities		274.54	192.48
		1,011.14	985.93
Provisions			
(i) Proposed Dividend	105.51		100.71
(ii) Provision for tax on Proposed Dividend	17.93		17.12
(iii) Provision for accrued leave	51.21		40.68
(iv) Other provisions	6.34		7.89
		180.99	166.40
		1,192.13	1,152.33

* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at 31st March, 2009. These amounts shall be paid to the fund as and when they become due

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
	Year 2008-2009	Year 2007-2008
SCHEDULE H : SALES AND OPERATING INCOME		
Revenue from Sales (Net of returns)	6,229.78	5,075.90
Less: Discounts	255.07	185.04
Sales (Net of discounts)	5,974.71	4,890.86
Operating Income :		
Processing charges	11.56	12.38
Lease Rent	0.53	0.59
Revenue from Home Solutions operations	11.82	9.79
Revenue from painting and related services	45.22	24.94
	6,043.84	4,938.56
 SCHEDULE I : OTHER INCOME		
Interest received	5.69	4.47
Claims received	1.32	0.28
Dividends	14.08	24.54
Royalty	2.55	2.82
Sundry balances written back (Net)	0.41	0.98
Provision for liabilities no longer required	3.15	—
Profit on sale of short term investments	0.13	1.60
Profit on sale of assets (Net) – (Refer Note B – 14 in Schedule 'M')	6.54	3.78
Exchange difference (Net)	—	0.52
Miscellaneous income	17.81	20.61
	51.68	59.60

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	(Rs. in Crores)	
	Year 2008-2009	Year 2007-2008
SCHEDULE J : MATERIAL COST		
Raw and Packing Materials Consumed		
Opening Stock	301.32	226.39
Add: Purchases	3,304.71	2,578.13
	<u>3,606.03</u>	<u>2,804.52</u>
Less: Closing Stock	<u>(369.10)</u>	<u>(301.32)</u>
	3,236.93	2,503.20
Purchase of Paints for resale	106.12	83.23
Cost of other goods sold	33.70	26.88
	3,376.75	2,613.31
Decrease/(Increase) in finished goods and work-in-process		
Opening Stock	393.85	356.83
Closing Stock	<u>(381.16)</u>	<u>(393.85)</u>
	12.69	(37.02)
(Decrease)/Increase in Excise duty on finished goods	(18.80)	1.35
	3,370.64	2,577.64
SCHEDULE K : EMPLOYEE COST		
Salaries, wages, allowances, commission, bonus and accrued leave salary	321.42	266.17
Contribution to Defined contribution plans: Provident and other funds	16.05	12.92
Defined Benefit Plans (Gratuity and other Plans) (Refer Note B – 9 in Schedule 'M')	10.25	10.07
Staff Welfare expenses	23.80	17.50
	371.52	306.66

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in Crores)

	Year 2008-2009	Year 2007-2008
SCHEDULE L : MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES		
Stores and spares	26.44	24.78
Power and fuel	54.01	41.23
Processing charges	34.77	26.08
Repairs and Maintenance:		
Buildings	5.59	4.51
Machinery	9.26	9.16
Other assets	19.92	16.23
	34.77	29.90
Rent	41.33	30.31
Rates and taxes	15.99	14.44
Insurance	6.27	6.46
Printing, stationery and communication expenses	28.64	24.49
Travelling expenses	41.36	37.20
Donations	1.93	1.86
Commission to Non-Executive Directors	0.87	0.87
Directors' sitting fees	0.15	0.10
Auditors' remuneration	3.30	2.96
Bank charges	6.14	5.21
Exchange difference (Net)	22.24	—
Information Technology expenses	9.93	10.64
Legal and professional expenses	8.29	5.84
Training and recruitment	4.73	5.42
Freight and handling charges	201.19	172.78
Advertisement and sales promotional expenses	239.02	198.03
Cash and payment performance discount	203.78	162.37
Commission on sales	2.17	2.01
Bad and doubtful debts	7.49	1.53
Provision for doubtful advances	1.00	0.55
Miscellaneous expenses	55.86	57.29
	1,051.67	862.35

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF ACCOUNTS.

1. Basis for preparation of consolidated financial statements

(a) Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements.

2. Fixed Assets

(a) Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Interest on borrowed funds directly attributable to the qualifying assets up to the period such assets are put to use, is included in the cost.

(b) Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalised under relevant asset heads.

(c) Depreciation on fixed assets is provided under Written Down Value/Straight Line Method as the case may be and at rates permissible under applicable local laws or at such rates so as to write off the value of assets over their useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Intangible assets are capitalised and amortised over their estimated useful life.

(d) At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment of the carrying amount of the Group's fixed assets. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Profit and Loss Account.

After recognition of an impairment loss or reversal of an impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's carrying amount, less its residual value (if any), over its remaining useful life.

3. Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

4. Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is on dispatch of goods. The amount recognised as sale is exclusive of sales tax/VAT. Sales are stated gross of excise duty as well as net of excise duty; excise duty being the amount included in the amount of gross turnover. The excise duty related to the difference between the closing stock and opening stock is recognised separately as part of 'Material Cost'.

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the Balance Sheet date determined by services performed to date as a percentage of total services.

Revenue from processing services is recognised on rendition of services.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

5. Lease Accounting

Assets taken on lease:

In respect of operating leases, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

In respect of assets obtained on finance leases, assets are recognised at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The excess of lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets.

Assets given on lease:

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 so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease rentals on assets given on operating lease are accounted on accrual basis in accordance with the respective lease agreements.

6. Inventory

- (a) Raw materials, work in progress, finished goods, packing materials, stores, spares, traded items and consumables are carried at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are suitably depreciated.
- (b) In determining cost of raw materials, packing materials, traded goods, stores, spares 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.
- (c) Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other cost 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.

7. Investments

Long term investments are carried at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Profit and loss on sale of investments is determined on a first-in first-out (FIFO) basis.

8. Transactions and translations in foreign currency

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognised in the Profit and loss account.

The premium or discount on forward exchange contracts is recognized over the period of the contracts in the profit and loss account.

In translating the financial statements of foreign entities for incorporation in the consolidated financial statements, the assets and liabilities are translated at the exchange rate prevailing at the balance sheet date of respective subsidiaries, and the income and expense items are translated at the average rates of exchange for the year. The effect on changes in exchange rates between the balance sheet date of the subsidiary and the balance sheet date of the parent company is accounted where appropriate. The resulting exchange differences are classified as foreign currency translation reserve.

9. Sundry Debtors

Sundry debtors are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Discounts due, yet to be quantified at the customer level are included under the head 'Current Liabilities and Provisions'.

10. Employee Benefits

- (i) 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.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(ii) Post-employment benefits:

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the parent and its subsidiary companies pay fixed contributions into separate entities (funds) or to financial institutions or state managed retirement benefit schemes. The group's contributions to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate.

The parent company and its Indian subsidiaries/Joint Venture operate defined contribution plans pertaining to Provident Fund schemes, Employee State Insurance Scheme and Government administered Pension Fund Scheme for all employees and the parent company operates a Superannuation scheme for eligible employees.

(b) Defined benefit plans

(i) Defined benefit Gratuity plan

The parent company and its Indian subsidiaries/Joint Venture operate a defined benefit gratuity plan for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity obligation.

(ii) Defined benefit pension plan

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.

(iii) Defined Post Retirement Medical benefit plan

The parent company and some of its foreign subsidiaries operates a defined post retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, else is amortised on a straight-line basis over the average period until the amended benefits become vested. In case of certain foreign subsidiaries, liabilities have been provided on an estimated basis.

The defined benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and 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 unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the plan.

(iii) 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 parent company and its Indian subsidiaries and joint venture determine the liability for such accumulated leave using the Projected Accrued Benefit Method with actuarial valuations being carried out at each balance sheet date.

11. Research and Development

(a) Capital expenditure is shown separately under respective heads of fixed assets.

(b) Revenue expenses including depreciation are charged to Profit and Loss account under the respective heads of expenses.

12. Provision for taxation

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with applicable taxation laws), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period), and fringe benefit tax (computed in accordance with the relevant taxation laws).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under applicable taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

13. Provisions and Contingencies

The Group creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

14. Earnings Per Share

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax attributable to Equity Shareholders for the year by weighted average number of equity shares outstanding during the year.

15. Proposed Dividend

Dividend recommended by the Board of directors is provided for in the accounts, pending approval at the Annual General Meeting.

B. NOTES:

	(Rs. in Crores)	
	2008-2009	2007-2008
1. Estimated amount of contracts remaining to be executed on capital account and not provided for.	184.71	84.21
2. Letters of credit issued by bankers and outstanding as at the Balance Sheet date.	57.42	39.35
3. Contingent Liabilities:		
(i) Guarantees given –		
(a) to a bank on behalf of parent company's dealers in respect of loans granted to them by a bank for acquiring dealer tinting systems	21.43	34.72
(b) to others	15.91	9.88
(ii) Claims against the Group not acknowledged as debts		
(a) Tax matters in dispute under appeal	52.03	37.87
(b) Others.	4.29	3.36
(iii) Berger International Limited and its subsidiary, Berger Paints Trinidad Limited, are engaged in litigation initiated by its former Regional Managing Director. The company upon discontinuing his services has paid him compensation as per his contract of employment and the same has been charged to income statement. This matter is subject to Trinidad and Tobago's High Court Action No. 3085 of 2004. Based on the information presently available, the likely outcome of this trial cannot be determined with any reasonable certainty. Therefore, no further provision has been made in these financial statements for this matter.		

4. Details of Subsidiaries and Joint Venture:

Subsidiaries:

The subsidiary companies considered in the consolidated financial statements are:

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of voting power	Financial Year
Asian Paints (Nepal) Pvt Limited	Nepal	51.00%	15th Jan – 13th Jan
Asian Paints (International) Limited	Mauritius	100.00%	1st Jan – 31st Dec
Asian Paints Industrial Coatings Limited	India	100.00%	1st Apr – 31st Mar
Technical Instruments Manufacturers (India) Limited*	India	100.00%	1st Apr – 31st Mar
Maxbhumi Developers Limited	India	100.00%	1st Apr – 31st Mar

* A scheme of amalgamation for the merger of Technical Instruments Manufacturers (India) Limited with Asian Paints Ltd. effective 1st April, 2009 has been filed with the Hon'ble High Court of Bombay.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

Indirect Subsidiaries:

(i) Subsidiaries of the wholly owned subsidiary, Asian Paints (International) Limited, Mauritius.

Subsidiaries of Asian Paints (International) Limited, Mauritius.	Country of Incorporation	% holding	Accounting period
Asian Paints (South Pacific) Holdings Limited	Vanuatu	100.00%	1st Jan – 31st Dec
Asian Paints (South Pacific) Limited	Fiji Islands	51.30%	1st Jan – 31st Dec
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00%*	1st Jan – 31st Dec
Asian Paints (S.I.) Limited	Solomon Islands	75.00%	1st Jan – 31st Dec
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00%	1st Jan – 31st Dec
Asian Paints (Lanka) Limited	Sri Lanka	98.74%	1st Jan – 31st Dec
Asian Paints (Bangladesh) Limited	Bangladesh	89.78%	1st Jan – 31st Dec
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00%	1st Jan – 31st Dec
SCIB Chemicals S.A.E.	Egypt	60.00%	1st Jan – 31st Dec
Berger International Limited	Singapore	50.10%	1st Jan – 31st Dec

* Asian Paints (International) Ltd has increased its stake in Asian Paints (Tonga) Ltd from 51% to 100% effective from 06th October 2008.

(ii) Subsidiary of Asian Paints (South Pacific) Limited:

Taubmans Paints (Fiji) Limited**	Fiji Island	100.00%	1st Jan – 31st Dec
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** The Company ceased trading and has transferred its assets, liabilities and business to shareholder Asian Paints (South Pacific) Limited, the merger is pending subject to legal formalities.

(iii) Subsidiary of Taubmans Paints (Fiji) Limited:

Samoa Paints Limited	Samoa	80.00%	1st Jan – 31st Dec
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(iv) Subsidiary of Asian Paints (Lanka) Limited:

Asian Paints Distributors (Pvt.) Limited (Under Voluntary Liquidation)	Sri Lanka	100.00%	1st Jan – 31st Dec
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(v) Subsidiaries of Berger International Limited, Singapore:

Subsidiaries of Berger International Limited, Singapore	Country of Incorporation	% holding	Accounting period
Berger Paints Singapore Pte Limited	Singapore	100.00%	1st Jan – 31st Dec
Berger Building Services (Singapore) Pte. Limited	Singapore	100.00%	1st Jan – 31st Dec
Berger International Sdn Bhd	Malaysia	100.00%	1st Jan – 31st Dec
Berger Paints (Thailand) Limited	Thailand	88.60%	1st Jan – 31st Dec
Berger Paints (China) Co. Limited	People's Republic of China	100.00%	1st Jan – 31st Dec
Berger Paints (Hong Kong) Limited	Hongkong	100.00%	1st Jan – 31st Dec
Enterprise Paints Limited	Isle of Man, U.K.	100.00%	1st Jan – 31st Dec
Universal Paints Limited	Isle of Man, U.K.	100.00%	1st Jan – 31st Dec
Lewis Berger (Overseas Holdings) Limited	U.K.	100.00%	1st Jan – 31st Dec

(vi) Subsidiary of Berger Building Services (Singapore) Pte. Ltd.:

Berger Contractor (Singapore) Pte. Limited	Singapore	100.00%	1st Jan – 31st Dec
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(vii) Subsidiary of Enterprise Paints Limited:

Nirvana Investments Limited	Isle of Man, U.K.	100.00%	1st Jan – 31st Dec
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CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(viii) Subsidiary of Nirvana Investments Ltd.:

Berger Paints Emirates Limited	U.A.E.	100.00%	1st Jan – 31st Dec
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(ix) Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Limited	Jamaica	51.00%	1st Jan – 31st Dec
Berger Paints Trinidad Limited	Trinidad	70.00%	1st Jan – 31st Dec
Berger Paints Barbados Limited	Barbados	100.00%	1st Jan – 31st Dec

(x) Subsidiary of Universal Paints Limited:

Berger Paints Bahrain W.L.L.	Bahrain	100.00%	1st Jan – 31st Dec
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(xi) Joint Venture:

Asian PPG Industries Limited, a joint venture between the parent company and PPG Industries Securities Inc., U.S.A., wherein the parent company has 50% equity participation.

(xii) Direct subsidiary of the Joint Venture:

Faaber Paints Pvt. Limited	India	100.00%	1st Apr – 31st Mar
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The accounts of the said company are incorporated with that of the Joint Venture for the purpose of consolidation.

5. Principles of consolidation:

- (i) The consolidated financial statements are based on the audited financial statements of the subsidiaries for their respective financial years. In respect of indirect subsidiaries of Asian Paints (International) Limited, the audited consolidated financial statements of Asian Paints (International) Limited have been considered for the purpose of consolidation.
- (ii) The financial statements of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated profit and loss account from the effective date of acquisition or upto the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post – acquisition increase in the relevant reserves of the subsidiaries.
- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.
- (iv) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group.
- (v) The unamortized carrying value of goodwill is tested for impairment as at each balance sheet date.

6. Pursuant to Accounting Standard (AS 27) - Financial Reporting of Interests in Joint Venture, the audited consolidated financial statements of Asian PPG Industries Limited (hereinafter referred to as JV), the Joint Venture between the parent company and PPG Industries Securities Inc., U.S.A. have been consolidated using proportionate consolidation method.

- The financial year of the JV is April to March. The parent company's share of each of the assets, liabilities, income and expenses of JV has been included in the consolidated financial statements.
- The aggregate amounts of assets, liabilities, income and expenses related to the Company's Interest in the JV as at 31 st March,2009 is as follows:

	(Rs. in Crores)	
	2008-2009	2007-2008
(1) Assets	133.17	135.06
(2) Liabilities	59.92	69.05
(3) Income	191.70	197.12
(4) Expenses	184.45	180.35

- The parent company's share of capital commitments in the JV as at 31st March, 2009 is Rs. 0.13 Crores. (Previous year Rs. 6.29 Crores).
- The parent company's share of contingent liabilities of the JV as at 31st March, 2009 is Rs. 2.54 Crores (Previous year Rs. 2.92 crores).
- No contingent liabilities and capital commitments have been incurred as at 31st March, 2009 in relation to the parent company's interests in the JV along with the other venturer. (Previous year Rs. Nil).

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

7. During the previous year, the group disposed off its stake in its subsidiary, Asian Paints Queensland Pty Ltd. on 30th June 2007. The net assets of Asian Paints Queensland Pty Ltd. as at its date of disposal were as follows:

	Rs. in Crores
Cash and cash equivalents	0.98
Inventories	3.43
Trade Receivables	1.55
Other Receivables and Prepayments	0.62
Fixed Assets	5.01
Other assets	2.44
Trade Payables and accrued liabilities	(4.16)
Overdraft and Loans	(9.53)
	<u>0.34</u>
Foreign Exchange Translation Reserve	(1.04)
Costs of disposal (including liabilities of subsidiary taken over)	9.55
Loss on Disposal (accounted as exceptional item)	(6.84)
Total Consideration	<u>2.01</u>
Satisfied by:	
Cash Consideration	2.01
Deferred Consideration	—
	<u>2.01</u>
Net cash inflow on disposal:	
Cash Consideration	2.01
Cash overdrawn disposed off	(0.98)
Net Cash Inflow	<u>1.03</u>

8. The group recognises deferred tax arising on account of timing differences, being the difference between the taxable income and accounting income, that originates in one period and is capable of reversal in one or more subsequent periods in compliance with the applicable accounting standards.

The major components of Deferred tax (liabilities)/assets arising on account of timing differences as at 31st March, 2009 are as follows:

	(Rs. in Crores)	
	As at 31.03.2009	As at 31.03.2008
Deferred tax liabilities		
Difference between the Written Down Value of assets as per books of accounts and Income Tax	(72.42)	(50.69)
Accelerated Capital Allowances and Unremitted income	(6.61)	(4.77)
Deferred tax liability on account of income on retirement assets	(5.55)	(4.69)
Preconstruction interest capitalised in accounts, deductions for the same claimed in Income Tax over a period of 5 years	(0.68)	(0.69)
Others	—	(0.04)
Total deferred tax liabilities	<u>(85.26)</u>	<u>(60.88)</u>
Deferred tax assets		
Expenses allowed for tax purpose on payment basis	16.05	13.49
Provision for doubtful debts	3.01	1.47
Expenditure debited to Profit and Loss Account but allowed in Income tax over a longer period.	5.28	4.05
Losses carried forward under Income Tax	7.61	2.79
Total deferred tax assets	<u>31.95</u>	<u>21.80</u>
Net Deferred tax (liability)	<u>(53.31)</u>	<u>(39.08)</u>
Foreign Exchange Fluctuation	0.68	(1.43)
(Under)/Over provision of deferred tax	2.77	(0.30)
Deferred tax (expense) for the year	<u>(16.32)</u>	<u>(10.56)</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

9. Employee Benefits:

(1) Short term employee benefits:

The liability towards short term employee benefit obligations is recognised as an expense for the year in the Profit & Loss Account.

(2) Post-employment benefits: The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans:

(Rs. in Crores)

	Gratuity (Funded)		Pension and Medical Plan (Unfunded)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Amount Recognised in Balance Sheet				
Present Value of Funded Obligations	115.05	95.09	—	—
Fair Value of Plan Assets	(125.30)	(111.27)	—	—
Present Value of Unfunded Obligations	—	—	13.16	10.05
Unrecognized Past Service Cost	—	—	—	—
Amount not recognised as an Asset, because of the limitation as per AS-15 (Revised) & unrecognised actuarial gains/ losses	(3.65)	1.02	(0.38)	(0.33)
Net Liability/(Asset)	(13.90)	(15.16)	12.78	9.72
Amounts in Balance Sheet				
Liability	7.67	1.69	12.78	9.72
Assets	21.57	16.85	—	—
Net Liability/(Asset)	(13.90)	(15.16)	12.78	9.72
Expense Recognised in the Profit & Loss Account				
Opening Defined Benefit Obligation less benefits paid	—	—	—	0.96
Current Service Cost	5.25	5.05	0.60	0.59
Interest on Defined Benefit Obligation	9.00	7.10	1.00	0.83
Expected Return on Plan Assets	(10.78)	(9.86)	—	—
Net Actuarial Losses/(Gains) Recognized in Year	3.61	6.12	1.06	(0.54)
Effect of the limit in Para 59(b) of AS-15 (revised)	—	(0.29)	—	—
Adjustment for current year unutilised asset	0.50	—	—	—
Total, Included in "Employee Benefit Expense"	7.58	8.12	2.66	1.84
Actual Return on Plan Assets	6.59	10.93	—	—
Movement in the asset recognised in the balance sheet:				
Opening Net (Asset)/Liability	(15.16)	(25.25)	9.72	9.35
Currency translation difference	(3.45)	2.68	1.16	(1.13)
Total charge as above	7.58	8.12	2.66	1.84
Contribution	(2.87)	(0.71)	(0.76)	(0.34)
Closing Net (Asset)/Liability	(13.90)	(15.16)	12.78	9.72

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS**Reconciliation of Benefit Obligations & Plan Assets For the Period**

(Rs. in Crores)

	Gratuity (Funded)		Pension and Medical Plan (Unfunded)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Reconciliation of Benefit Obligations & Plan Assets For the Period				
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation as at 1st April, 2008	95.09	89.20	10.04	10.08
Current Service Cost	5.44	4.40	0.60	1.55
Interest Cost	9.00	7.10	1.00	0.83
Actuarial Losses/(Gain)	4.37	7.69	1.06	(0.74)
Exchange Difference on Foreign Plans	8.73	(5.60)	0.84	(1.71)
Benefits Paid	(7.58)	(7.70)	(0.76)	0.04
Closing Defined Benefit Obligation as at 31st March, 2009	115.05	95.09	12.78	10.05
Change in Fair Value of Assets				
Opening Fair Value of Plan Assets as at 1st April, 2008	111.27	116.12	—	—
Expected Return on Plan Assets	10.78	9.86	—	—
Actuarial Gain/(Losses)	(4.47)	1.48	—	—
Contributions by Employer	2.87	0.71	0.20	0.15
Exchange Difference on Foreign Plans	12.43	(9.20)	—	—
Benefits Paid	(7.58)	(7.70)	(0.20)	(0.15)
Closing Fair Value of Plan Assets as at 31st March, 2009	125.30	111.27	—	—
Summary of the Actuarial Assumptions				
Discount Rate (%)	7.50-16.00	7.80-13.00	7.50-16.00	7.80-13.00
Expected Rate of Return on Assets (%)	4.45-14.50	4.50-14.00	7.50-14.50	7.80-14.00
Experience Adjustments for the current and previous three periods				
Gratuity (Funded)	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Defined Benefit Obligation	115.05	95.09	89.20	89.25
Plan Assets	125.30	111.27	116.12	113.21
Surplus/(Deficit)	10.25	16.18	26.92	23.96
Experience adjustment on plan Liabilities	4.74	1.85	6.26	(1.99)
Experience adjustment on plan assets	(4.47)	1.48	(0.63)	(3.22)
Pension and Post Retirement Medical Benefit (Unfunded)				
Defined Benefit Obligation	13.16	10.05	11.05	6.30
Plan Assets	—	—	—	—
Surplus/(Deficit)	(13.16)	(10.05)	(11.05)	(6.30)
Experience adjustment on plan Liabilities	0.88	(0.60)	0.58	(0.61)
Experience adjustment on plan assets	—	—	—	—

Note:—

- The estimates of future salary increases, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The company estimates that the amount to be contributed to the gratuity fund for the financial year 2009-10 will be Rs. 8.41 crores.
- The guidance on implementing AS-15 (Revised) issued by Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India states benefit involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from Actuarial Society of India, the parent company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the parent company is unable to exhibit the related information.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

10. Earnings Per Share:

	2008-2009	2007-2008
(a) Basic and diluted earnings per share before exceptional item in rupees (face value – Rs. 10/- per share)	41.61	43.37
(b) Basic and diluted earnings per share attributable to shareholders in rupees (face value – Rs. 10/- per share)	41.48	42.66
(c) Profit attributable to shareholders before exceptional item as per Profit & Loss Account. (Rs. in Crores)	399.08	416.02
(d) Profit attributable to shareholders as per Profit & Loss Account. (Rs. in Crores)	397.84	409.18
(e) Weighted average number of equity shares outstanding	9,59,19,779	9,59,19,779

11. Pursuant to the Accounting Standard (AS-19) – Leases, the following information is given:

- I. (a) The parent company has provided tinting systems to its dealers on an operating lease basis. The lease period varies between six to ten years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement. The equipment shall be used only to tint the products of the lessor.
- (b) Certain subsidiaries provide tinting systems to their dealers on an operating lease basis. The lease normally ranges for a five year period. A security deposit is collected at the time of signing the agreement.
- (c) Future minimum lease rentals receivable as at 31st March, 2009 as per the lease agreements:

	(Rs. in Crores)	
	2008-2009	2007-2008
(i) Not later than one year	0.74	0.92
(ii) Later than one year and not later than five years	0.37	0.71
(iii) Later than five years	—	—
Total	1.11	1.63

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.

- (d) Total amount of contingent rents recognised as income – Rs. NIL.
- (e) The initial direct cost relating to acquisition of tinting system is capitalised.
- (f) The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.
- II. (a) The parent company has taken cars, computers and other systems hardware on an operating lease basis for a period of forty eight months. The lease rentals are payable by the Parent company on a monthly and quarterly basis respectively.
- (b) In addition, the Joint Venture has entered into an arrangement to obtain computer equipments, mixing racks etc, on non-cancellable operating lease for thirty six months. As per the lease agreement the Joint Venture does not have an option to purchase the assets.
- (c) In addition, certain overseas subsidiaries have also taken certain assets on operating lease.
- (d) Future minimum lease rentals payable as at 31st March, 2009 as per the lease agreements:

	(Rs. in Crores)	
	2008-2009	2007-2008
(i) Not later than one year	9.31	8.81
(ii) Later than one year and not later than five years	14.65	16.61
(iii) Later than five years	4.60	5.38
Total	28.56	30.80

- (e) Lease payments recognised in the profit and loss account for the period is Rs. 10.32 Crores (Previous year Rs. 8.49 Crores).
- (f) Total amount of contingent rents recognised as expense – Rs. NIL.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

- III. (a) Certain subsidiaries have taken property, plant and equipment on finance lease which effectively transferred to the respective subsidiaries substantially all of the risks and benefits incidental to the ownership.
 (b) Future minimum lease rentals payable as at 31st March, 2009 as per the lease agreements:

(Rs. in Crores)

	2008-2009			2007-2008		
	Minimum lease payments	Finance charge allocated to future periods	Present value	Minimum lease payments	Finance charge allocated to future periods	Present value
(i) Not later than one year	0.37	0.08	0.29	0.29	0.06	0.23
(ii) Later than one year and not later than five years	0.68	0.10	0.58	0.49	0.06	0.43
(iii) Later than five years	—	—	—	—	—	—
	1.05	0.18	0.87	0.78	0.12	0.66

- (c) The information on gross amount of leased assets, depreciation and impairment is given in Schedule 'D' to the Balance Sheet.

- IV. (a) Certain subsidiaries have leased certain of its plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.
 (b) Future minimum lease rentals receivable as at 31st March, 2009 as per the lease agreements:

(Rs. in Crores)

	2008-2009			2007-2008		
	Minimum lease payments	Unearned finance income	Present value	Minimum lease payments	Unearned finance income	Present value
(i) Not later than one year	0.32	0.16	0.16	0.34	0.16	0.18
(ii) Later than one year and not later than five years	0.12	0.04	0.08	0.13	0.04	0.09
(iii) Later than five years	—	—	—	—	—	—
	0.44	0.20	0.24	0.47	0.20	0.27

12. During the year the group acquired 49% stake in Asian Paints (Tonga) Ltd. to make it a wholly owned subsidiary of the group and the capital reserve Rs. 1.01 Crores arising consequent to this acquisition has been credited to capital reserves.
 13. Exceptional item comprises a provision for impairment Rs. 1.24 Crores recognised in the goodwill of Asian Paints (Bangladesh) Ltd. held through the wholly owned subsidiary Asian Paints (International) Ltd. Deferred tax asset on the above provision is not recognised.
 14. Profit on sale of asset includes Rs. 6.77 Crores (Previous year Rs. 0.11 Crore) arising out of sale of colour world machines on expiry of lease.
 15. Pursuant to the Accounting Standard (AS-29) – Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March, 2009 is as follows:

(Rs. in Crores)

	Provision for Excise ⁽¹⁾		Provision for Warranties ⁽²⁾	
	2008-09	2007-08	2008-09	2007-08
Opening Balance	4.26	4.26	1.04	1.44
Additions	—	—	—	—
Utilisations	—	—	(0.25)	(0.08)
Reversals	3.15	—	0.32	(0.24)
Currency translation	—	—	0.27	(0.08)
Closing Balance	1.11	4.26	1.38	1.04

1. Excise provision is made towards matters disputed at various appellate levels.
 2. Provision for warranties represents management's best estimate of the liability for warranties granted on paints by some of the subsidiaries based on past experience of claims.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

16. Information on related party transactions as required by Accounting Standard (AS) – 18 for the year ended 31st March, 2009.

(Rs. in Crores)

Particulars	Key Management Personnel (1)		Relatives of Key Management Personnel (2) *		Companies Controlled by Directors/Relatives		Employee benefit plans where control exists		Others	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sale of goods					3.51	4.50				
Purchase of goods					131.36	103.75				
Processing of goods (Expense)					0.72	1.02				
Royalty Paid					—	3.23				
Other recoveries					0.52	1.02				
Remuneration	12.44	10.61	2.05	1.70						
Commission to Non-executive Directors			0.27	0.27						
Sitting Fees Paid to Non-executive Directors			0.05	0.03						
Other services					0.84	0.09				
Donation									0.30	1.25
Dividend received					—	2.05				
Contributions during the year							24.49	19.34		
Provision for Doubtful Debts										
Outstanding as at 31st March										
Amount receivables					1.65	2.33				
Amount payable	(3.81)	(3.81)	(0.59)	(0.27)	(1.48)	(4.29)	(9.33)	(3.09)		

* Under the employment of the parent company pursuant to the necessary approvals from the shareholders and the Central Govt. under section 314 of the Companies Act, 1956.

Key management personnel and relatives of key management personnel are entitled for post employment benefits and other long term benefits recognized as per AS- 15 (Revised) Employee Benefits in the financial statements. As the same is based on actuarial valuations not identifiable at an individual employee level, the same is not included above.

1. Key Management Personnel:

Name of the Directors	Designation
Ashwin Choksi*	Chairman
Ashwin Dani*	Vice Chairman & Managing Director
Abhay Vakil*	Managing Director
P. M. Murty	Whole time Director (w.e.f. 5th March, 2009) and as Managing Director & CEO (w.e.f 1st April, 2009).

* The contractual terms of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Executive Directors came to an end on 31st March, 2009. With effect from 1st April, 2009, Mr. Ashwin Choksi has been appointed as Non-Executive Chairman, Mr. Ashwin Dani as Non-Executive Vice Chairman and Mr. Abhay Vakil as Non-Executive Director.

• Directors/key management personnel of subsidiaries/joint venture:

Mr. V. S. Ram, Mr. R. V. Ramanujam, Mr. Jagdish Acharya, Mr. I. K. Jaiswal, Mr. Warren McDonald and Mr. Vivek Subramanian.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

2. Relatives of Key Management Personnel:

Directors:

Mahendra Choksi	Non-Executive Director
Amar Vakil	Non-Executive Director
Hasit Dani	Non-Executive Director

Employees:

Jalaj Dani*	Nehal Vakil
Manish Choksi	

* Mr. Jalaj Dani, a relative of Parent Company's Non-Executive Vice Chairman is also Chairman of Berger International Limited and Director on most of the subsidiary companies.

3. (a) Companies over which the Directors have significant influence or control:

AR Intertect Design Pvt. Ltd.	Hitech Plast Ltd.	Ricinash Oil Mill Ltd.
Rangudyen Insurance Broking Services Limited	Jalaj Trading and Investments Pvt. Ltd.	Suryakant Paint Accessories Private Limited
Asteroids Trading and Investments Pvt. Ltd.	Jaldhar Investments and Trading Co. Pvt. Ltd.	Rupen Investments and Industries Pvt. Ltd.
Castle Investments and Industries Pvt. Ltd.	Jatayu Investments Ltd.	S.C. Dani Research Foundation Ltd.
Centaurus Trading and Investments Pvt. Ltd.	Kalica Paper Industries Pvt. Ltd.	Sadavani Investments and Trading Co. Pvt. Ltd.
Clear Plastics Limited	Lambodar Investments & Trading Co. Ltd.	Sapan Investments Pvt. Ltd.
Coating Specialties (India) Ltd.	Lyon Investments and Industries Pvt. Ltd.	Satyadhama Investments & Trading Co. Pvt. Ltd.
Dakshina Properties Pvt. Ltd.	Mipak Polymers Ltd.	Sudhanva Investments and Trading Co. Pvt. Ltd.
Dani Finlease Ltd.	Murahar Investments and Trading Co. Ltd.	Suprasad Investments & Trading Co. Ltd.
Doli Trading and Investments Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Suptaswar Investments and Trading Co. Ltd.
Elcid Investments Ltd.	Nehal Trading and Investments Pvt. Ltd.	Tru Trading and Investments Pvt. Ltd.
ELF Trading and Chemical Mfg. Co. Ltd.	Omega Properties Pvt. Ltd.	Ultramarine & Pigments Ltd.
Geetanjali Trading & Investments Pvt. Ltd.	Pragati Chemicals Ltd.	Unnati Trading and Investments Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Marketing Pvt. Ltd.	Vikatmev Containers Ltd.
Himanshu Holdings Pvt. Ltd.	Resins and Plastics Ltd.	Hiren Holdings Pvt. Ltd.

(b) Associates, promoters and affiliates of subsidiary companies/joint venture:

LKP Hardware, Solomon Islands	PPG Industries Securities Inc.
Sultan Bin Sulayem, UAE	PPG Industries Inc.
ABM Santo	Ariza Holdings Limited
Asset Management Unit	Al - Hassan Group, Oman
Port Vila Hardware	
Aladdin Investments Limited	

4. Employee Benefit Funds where control exists:

Asian Paints Office Provident Fund
 Asian Paints Factory Employees' Provident Fund
 Asian Paints Management Cadres' Superannuation Scheme
 Asian Paints (India) Limited Employees' Gratuity Fund

5. Other entities over which there is a significant control:

Asian Paints Charitable Trust.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

17. Segment Information for the year end 31st March, 2009

(i) Primary segment information:

Business Segment:

(Rs. in Crores)

	2008-09			2007-08		
	Paints	Others*	Total	Paints	Others*	Total
REVENUE						
External Sales (Net)	5,377.63	85.60	5,463.23	4,300.04	107.19	4,407.23
Inter-Segment Sales		83.30	83.30		86.41	86.41
Other Income	27.42	1.32	28.74	58.68	0.92	59.60
Total Revenue	5,405.05	170.22	5,575.27	4,358.72	194.52	4,553.24
RESULT						
Segment result	686.16	14.52	700.68	660.80	26.06	686.86
Unallocated expenses			76.92			63.71
Operating Profit			623.76			623.15
Interest Expenses			(26.32)			(21.16)
Interest Income			5.69			4.47
Dividends			14.08			24.54
Profit/(Loss) on sale of investments			0.13			—
Profit/(Loss) on sale of fixed assets			0.07			3.78
Profit/(Loss) on sale of Subsidiaries			—			(6.84)
Impairment of Goodwill			(1.24)			—
Miscellaneous Income			2.97			5.07
Income taxes			(197.39)			(203.37)
Net Profit before prior period items			421.75			429.64
OTHER INFORMATION						
Segment assets	2,443.04	62.38	2,505.42	1,983.72	96.77	2,080.49
Unallocated assets			327.38			425.87
Total assets			2,832.80			2,506.36
Segment liabilities	902.84	21.15	923.99	899.54	15.56	915.10
Unallocated liabilities			705.64			608.89
Total liabilities			1,629.63			1,523.99
Capital expenditure	308.73	2.90	311.63	189.58	1.54	191.12
Unallocated capital expenditure			1.08			2.13
Total			312.71			193.25
Depreciation/Impairment	70.24	3.40	73.64	53.96	3.30	57.26
Unallocated depreciation/Impairment			0.74			1.91
Total			74.38			59.17

* Others include the parent company's business units manufacturing Phthalic Anhydride and Pentaerythritol.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS**(ii) Secondary segment information:**

Geographical Segment:

	2008-2009			2007-2008		
	Domestic Operations	International Operations	TOTAL	Domestic Operations	International Operations	TOTAL
Segment revenue	4,618.27	957.00	5,575.27	3,719.27	747.56	4,466.83
Carrying cost of segment assets	2,185.35	647.45	2,832.80	2,024.51	481.85	2,506.36
Additions to fixed and intangible assets	270.27	42.44	312.71	174.50	18.75	193.25

18. Previous year's figures have been regrouped, wherever necessary.

As per our report of even date

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

H. N. Shah
Partner
Membership No. 8152

Natrajan Ramkrishna
Partner
Membership No. 32815

Mumbai
12th May, 2009

For and on behalf of the Board

Ashwin Choksi
Chairman

P. M. Murty
Managing Director &
CEO

Ashwin Dani
Vice Chairman

Tarjani Vakil
Chairperson of
Audit Committee

Abhay Vakil
Director

Jayesh Merchant
Chief Financial Officer &
Company Secretary

Corporate Governance Report

Shareholder Information

AGM Notice

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The role of corporate governance has never been more vital. The recent events in the corporate world in India and abroad have brought a number of serious issues in the spotlight. The role of the Board of Directors, role of Independent Directors, accountability of the Auditors, the roles of promoters and management, sufficiency of the level of disclosures and transparency, etc have gained importance. Your Company has always believed in following Best Practices of Corporate Governance and will continue to work towards strengthening of the confidence of all its stakeholders. It shall promote and inculcate highest standards of Corporate Governance within the organisation and continue to harness principles of transparency, integrity and accountability.

Your Company is in compliance with all the regulations stipulated by Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussion and Analysis and Additional Shareholders' Information, is in compliance with Clause 49 of the Listing Agreement.

BOARD OF DIRECTORS:

Composition:

During most part of year 2008-2009, the Board comprised of twelve (12) Directors of which three (3) were Executive Directors, three (3) were Non-Executive Directors and six (6) were Independent Directors. The contracts of the Executive Directors expired on 17th December, 2008, which were renewed by the Board of Directors at their meeting held on 7th December, 2008 for the period 18th December, 2008 to 31st March, 2009.

The Board of Directors at their meeting held on 5th March, 2009, appointed Mr. P M Murty as an Additional Director and Whole-time Director with effect from 5th March, 2009 and as Managing Director & CEO with effect from 1st April, 2009.

At their meeting held on 5th March, 2009, the Board appointed the three Executive Directors as Non-Executive Directors, liable to retire by rotation, with effect from 1st April, 2009. After the aforesaid change in the Board structure of the Company, all the Directors, except the Managing Director, are liable to retire by rotation and one third of the Directors who are liable to retire by rotation, are eligible for re-election.

Number of Board Meetings:

During the financial year ended 31st March, 2009, the Board of Directors have met 10 times on the following days and the maximum time gap between two meetings did not exceed four months:

Date(s) on which the meeting(s) were held.

9th May, 2008	7th December, 2008
22nd July, 2008	22nd January, 2009
8th August, 2008	23rd January, 2009
30th September, 2008	5th March, 2009
24th October, 2008	28th March, 2009

A tentative schedule of the dates of the Board Meetings proposed to be held for declaration of the quarterly, half-yearly and annual results of the Company are determined at the beginning of the financial year and additional meetings are held as and when necessitated.

The composition, nature of Directorship, the number of meetings attended and the directorships in other companies of the Directors is as follows:

Name of the Director	Nature of Directorship	Date of joining the Board	Attendance		Directorship in other Companies (*)	Membership and Chairmanship Of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Ashwin Choksi #	Non-Executive Chairman/Promoter	18.10.1970	10	Yes	-	-	-
Ashwin Dani #	Non-Executive Vice Chairman/Promoter	18.10.1970	10	Yes	7	2	1
Abhay Vakil #	Non-Executive Director/Promoter	1.3.1983	10	Yes	3	2	1
P. M. Murty @	Whole-time Director/Managing Director & CEO	5.3.2009	1	Not applicable	-	-	-
Mahendra Choksi	Non-Executive/Promoter	27.11.1992	10	No	2	-	-
Amar Vakil	Non-Executive/Promoter	1.10.1995	10	No	3	-	-
Hasit Dani	Non-Executive/Promoter	23.7.2001	10	Yes	4	-	-
Tarjani Vakil	Non Executive/Independent	1.12.1998	10	Yes	5	5	3
Dipankar Basu	Non-Executive/Independent	15.4.2000	8	Yes	8	4	3
Deepak Satwalekar	Non-Executive/Independent	30.5.2000	9	No	5	3	2
R. A. Shah	Non-Executive/Independent	7.4.2001	9	Yes	14	10	4
S. Sivaram	Non-Executive/Independent	7.4.2001	8	No	2	1	-
Mahendra Shah	Non-Executive/Independent	6.6.2001	9	Yes	3	-	-

Notes:

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

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

Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil were appointed as Non-Executive Chairman, Non-Executive Vice-Chairman and Non-Executive Director, respectively, with effect from 1st April, 2009, prior to which they were Executive Chairman, Vice-Chairman and Managing Director and Managing Director, respectively.

@ Mr. P. M. Murty was appointed as an Additional Director and Whole-time Director with effect from 5th March, 2009 and Managing Director & CEO with effect from 1st April, 2009.

BOARD PROCEDURES:

For each meeting of the Board of Directors, agenda along with comprehensive notes and information which is material for facilitating effective discussion and decision making at their meetings are circulated in advance to all the Directors. Also, on a periodical basis the Business Unit heads and Functional heads of the Company give presentations to the Board of Directors giving details of the strategy, performance, progress and other important developments within the organisation. The Board has unrestricted access to all the information within the Company including information as specified in Annexure IA to the Clause 49 of the Listing Agreement, is regularly made available to the Board from time to time including the following:

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

- Disclosures made by the senior management personnel as to all material financial and commercial transactions, where they have personal interest; and
- All other information which is relevant for decision-making by the Board.

COMMITTEES OF THE BOARD:

The Company has four Committee(s) of the Board of Directors: Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee and Share Transfer Committee. The terms of reference of the Committee(s) detailing their scope of work are determined by the Board from time to time. On a periodical basis, the minutes of the meetings of Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance Committee are placed before the Board for their review. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided below:

AUDIT COMMITTEE:

Recent governance studies have put great emphasis on the critical role of the Audit Committee in an organisation's risk management and financial control systems. The Audit Committee adopts a proactive, critical, objective and independent approach and engages in discussions with the external auditors about various issues including management's competence and judgment. It is a key player in the Board's accountability to its shareholders for the financial viability and integrity of the organisation.

The Audit Committee of your Company comprises of three (3) Independent Directors. The members of the Audit Committee are Ms. Tarjani Vakil (Chairperson), Mr. Dipankar Basu and Mr. Mahendra Shah, all of whom are financially literate.

The details as to the date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2009 are as follows:

Date(s) on which the meeting(s) were held during the financial year 2008-2009	
7th May, 2008	22nd January, 2009
21st July, 2008	16th March, 2009
22nd October, 2008	

Name	Meeting details			Whether attended last AGM (Y/N)
	Held during the year	Attended	% of total	
Tarjani Vakil (Chairperson)	5	5	100%	Y
Mahendra Shah	5	5	100%	Y
Dipankar Basu	5	4	80%	Y

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Section 217(2AA) of the Companies Act, 1956;
 - b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries and significant adjustments made in the financial statements arising out of audit findings;
 - c. Compliance with listing and other legal requirements relating to financial statements;
 - d. Disclosure of any related party transactions; and
 - e. Qualifications in the draft audit report, if any.
4. Reviewing with management quarterly, half-yearly, nine-months and annual financial statements before submission to the Board for approval.
5. Reviewing with the management performance of statutory and internal auditors.
6. Reviewing adequacy of internal audit systems and the internal audit department including the structure, staffing, reporting structure and frequency of internal audit.
7. Discussion with the internal auditors on any significant findings and follow up thereon.
8. Reviewing the internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Reviewing reports furnished by the internal auditors and statutory auditors and ensuring suitable follow up thereon.
11. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders and creditors.
12. Reviewing the appointment and terms of remuneration of the Chief Internal Auditor of the Company.
13. Reviewing the Company's financial and risk management policies.

The Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations, statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies and any other matter which may be a

part of its terms of reference or referred to by the Board of Directors.

The Chairman, the Vice-Chairman, the Managing Director, Chief Financial Officer & Company Secretary, General Manager – Accounts and Taxation, Financial Controller, Statutory Auditor(s) and Chief Internal Auditor are special invitees to the meetings of the Audit Committee. The Chief Financial Officer & Company Secretary acts as Secretary to the Committee.

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

REMUNERATION COMMITTEE:

Composition and terms of reference:

Independent Directors constitute the Remuneration Committee of the Board, which is responsible for determining and recommending to the Board, the remuneration payable to the Directors in whole-time employment of the Company. The details as to the composition of the Remuneration Committee, date on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2009 are as follows:

Date on which the meeting was held during the financial year 2008-2009	Attendance record of the Members		
	Dipankar Basu	Tarjani Wakil	Deepak Satwalekar
7th May, 2008	Yes	Yes	Yes
5th March, 2009	Yes	Yes	Yes

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

1. To review and recommend to the Board, the salaries, commission, other benefits, service agreements and employment conditions of Whole-time and Managing Director.
2. To approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956.

REMUNERATION POLICY

The remuneration policy of the Company is to recruit and retain the high quality workforce and achieve equity, fairness and consistency in the operation of reward policies and practices. The remuneration policy of the Company is based on the fundamental rule of rewarding performance as against benchmarked objectives. It is the endeavor of the Company to ensure that the salaries and benefits paid to the employees of the Company remain competitive with the industry norms.

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

Executive Directors/Managing Director:

The remuneration payable to the three Executive Directors is based on the recommendation of the Remuneration Committee to the Board. The contracts for appointment of the Executive

Directors for a period of five years expired on 17th December, 2008 and were renewed by the Board of Directors for a further period from 18th December, 2008 to 31st March, 2009. Remuneration was paid to the Executive Directors for the financial year ended 31st March, 2009, subject to approval of the members of the Company at the ensuing Annual General Meeting. Their remuneration structure comprises of salary, house rent allowance, commission, perquisites, etc.

Mr. P. M. Murty, a Management Graduate from IIM, Calcutta and a veteran with 38 years of experience with the Company, has been appointed as an Additional Director and Whole-time Director with effect from 5th March, 2009 and Managing Director & CEO of the Company with effect from 1st April, 2009, as approved by the Board of Directors, subject to the approval of the shareholders at the ensuing Annual General Meeting. Mr. P. M. Murty has taken over the responsibility of the day to day affairs of the Company from 1st April, 2009 on expiration of the Agreement of the three Executive Directors. The remuneration payable to him has been approved and recommended by the Remuneration Committee at their meeting held on 5th March, 2009 to the Board of Directors. The remuneration payable to him is commensurate to the responsibility conferred on him by the Board as well the industry standards. The remuneration structure comprises of salary, house rent allowance, commission, perquisites, etc. No severance is payable to him on termination of employment.

Non-Executive Directors

The Non-Executive/Independent Directors play a pivotal role in reducing potential conflict between specific interests of the management and wider interests of the company and shareholders at large. They also ensure financial transparency and undertake independent assessment while taking important decisions of the Company like investments, business strategies and provide technical, financial and other relevant expertise and experience. The Non-Executive Directors are paid commission on the basis of their performance and their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company. The commission paid to the Non-Executive Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders. The commission payable is determined as a percentage to the profits (as determined under Section 349 and 350 of the Companies Act, 1956) of the Company. Apart, from commission the Non-Executive Directors are also paid sitting fees of Rs. 15,000/- per meeting, for attending the meeting(s) of the Board of Directors and Committees thereof, except the Share Transfer Committee. The Company has not granted any Stock Options to any of its Directors.

The table below signifies the relationship of the Directors with each other as required to be disclosed in terms of the amendment to Clause 49 of the Listing Agreement:

Details about Remuneration paid to the Directors:

(Figures in Rs.).

Name of the Director	Relationship with each other	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	Brother of Mahendra Choksi	33,87,780	13,55,112	50,30,181	–	1,00,00,000	1,97,73,073
Ashwin Dani	Father of Hasit Dani	33,87,780	13,55,112	53,47,996	–	1,00,00,000	2,00,90,888
Abhay Vakil	Brother of Amar Vakil	33,87,780	13,55,112	50,64,149	–	1,00,00,000	1,98,07,041
P. M. Murty @	–	6,53,225	–	5,97,661	–	–	12,50,886
Mahendra Choksi	Brother of Ashwin Choksi	–	–	–	1,85,000	9,00,000	10,85,000
Amar Vakil	Brother of Abhay Vakil	–	–	–	1,45,000	9,00,000	10,45,000
Hasit Dani	Son of Ashwin Dani	–	–	–	1,70,000	9,00,000	10,70,000
Tarjani Vakil	**	–	–	–	2,35,000	11,00,000	13,35,000
Dipankar Basu	**	–	–	–	1,95,000	11,00,000	12,95,000
Deepak Satwalekar	**	–	–	–	1,55,000	9,00,000	10,55,000
R. A. Shah	**	–	–	–	1,30,000	9,00,000	10,30,000
S. Sivaram	**	–	–	–	1,15,000	9,00,000	10,15,000
Mahendra Shah	**	–	–	–	2,35,000	11,00,000	13,35,000

Notes:

@ Mr. P. M. Murty was appointed as the Additional Director and Whole-time Director with effect from 5th March, 2009 and as the Managing Director & CEO with effect from 1st April, 2009. The remuneration drawn by him stated above is for the period 5th March, 2009 to 31st March, 2009.

* Perquisites include Company's contribution to provident and superannuation fund, medical and leave travel allowance etc., as well as monetary value of perquisites as per Income Tax rules. In case of Mr. P. M. Murty, perquisites also include Special Allowance in accordance with his contract of employment.

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

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

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

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

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

Mr. Jalaj Dani, son of Mr. Ashwin Dani, Vice Chairman, holds the position of President – International Business Unit and had earned a gross remuneration of Rs. 92,67,198/- (Rupees Ninety Two Lacs Sixty Seven Thousand One Hundred and Ninety Eight Only) during the financial year 2008-09. Mr. Manish Choksi, son of Mr. Mahendra Choksi, holds the position of Chief – Corporate Strategy & CIO and had drawn a gross remuneration of Rs. 92,58,648/- (Rupees Ninety Two Lacs Fifty Eight Thousand Six Hundred and Forty Eight Only) during the financial year 2008-09. Ms. Nehal Vakil, daughter of Mr. Abhay Vakil, Director, holds the position of Manager – Business Process Renovation and had drawn a gross remuneration of Rs. 16,46,621/- (Rupees Sixteen Lacs Forty Six Thousand Six Hundred and Twenty One Only), during the financial year 2008-09. The appointment and the terms and conditions including remuneration of Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil were approved by the shareholders at the Annual General Meeting held on 24th June, 2008. The Company had made application(s) to the Central Government under Section 314 and other applicable provisions of the Companies Act, 1956, for payment of remuneration to Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil in the financial year 2008-2009. The Company has received approval from the Ministry of Corporate Affairs as regards the remuneration payable to Mr. Jalaj Dani and Mr. Manish Choksi on 4th May, 2009 and for Ms. Nehal Vakil, on 18th February, 2009.

The shareholding of the Non-executive/Independent Directors of the Company as on 31st March, 2009 is as follows:

Name of the Director	Nature of Directorship	No of shares held*	Percentage to the paid up capital
Mahendra Choksi	Non-executive/ Promoter	1,65,638	0.173
Amar Vakil	Non-executive/ Promoter	10,98,521	1.145
Hasit Dani	Non-executive/ Promoter	5,15,560	0.537
Tarjani Vakil	Non-executive/ Independent	Nil	Nil
Dipankar Basu	Non-executive/ Independent	Nil	Nil
Deepak Satwalekar	Non-executive/ Independent	Nil	Nil
R.A.Shah	Non-executive/ Independent	1,809	0.001
S.Sivaram	Non-executive/ Independent	Nil	Nil
Mahendra Shah	Non-executive/ Independent	Nil	Nil
Total		17,81,528	1.856

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

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/Investors Grievance Committee has been constituted by the Board and is chaired by a Non Executive/Independent Director to specifically look into the redressal of shareholders complaints. The members of the Committee are Mr. Mahendra Shah, Chairman, Mr. Abhay Vakil, Mr. Mahendra Choksi and Mr. Hasit Dani. The Board of Directors at their meeting held on 28th March, 2009, reconstituted the Committee by inducting Mr. P. M. Murty as a member, who has taken over as the Managing Director & CEO with effect from 1st April, 2009.

The details as to the date(s) on which the meetings were held and the attendance details of the members of the Committee during the financial year ended 31st March, 2009 are as follows:

Name	Meeting details		
	Held during the year	Attended	% of total
Mahendra Shah	3	3	100%
Abhay Vakil	3	2	66.6%
Mahendra Choksi	3	3	100%
Hasit Dani	3	2	66.6%
P. M. Murty *	3	Not Applicable	–

* Mr. P. M. Murty, Managing Director & CEO was inducted as a member of the Committee on 28th March, 2009.

The terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company.

2. To oversee the performance of the Registrar and Transfer Agent of the Company.
3. To recommend measures for overall improvement in the quality of services to the investors.

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

Details pertaining to the number of complaints received and resolved and the status thereof during the financial year ended 31st March, 2009 are given as follows:

Nature of Complaints	Received during the year	Replied during the year
Non receipt of Dividend warrants	12	12
Non receipt Share Certificate(s) lodged for split/Bonus shares	3	3
Letters received from Stock Exchange(s)	4	4
Others/miscellaneous	5	5
Total	24	24

All the complaints as at the end of financial year 31st March, 2009, were duly addressed and no complaints are pending for redressal except where they are constrained by dispute or legal impediments or due to incomplete or non submission of documents by the shareholders. Certain Court cases are pending in the Courts/Consumer Forums, relating to disputes over the titles to the shares of the Company in which either the Company has been made a party or necessary intimation thereof has been received by the Company. The Company shall comply with the decrees or orders of the Hon'ble Courts pertaining to these cases as when the same are received by the Company.

SHARE TRANSFER COMMITTEE:

During the financial year 2008-2009, the Share Transfer Committee, comprised of the three Executive Directors and the Chief Financial Officer and Company Secretary. It is constituted to facilitate processing of transfers, transmissions, deletion, etc., more expeditiously by the Company in co-ordination with Sharepro Services (India) Private Limited, the Company's Registrar and Transfer Agent.

With effect from 1st April, 2009, the Share Transfer Committee would comprise of Mr. Ashwin Choksi, Non-Executive Chairman, Mr. Ashwin Dani, Non-Executive Vice-Chairman and Mr. Abhay Vakil, Non-Executive Director and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary.

The Share Transfer Committee has been delegated powers to administer the following:

1. To effect transfer of shares;
2. To effect transmission or deletion of shares;
3. To issue duplicate share certificates as and when required;
4. To approve the register of members as on the record date(s) and/or book closure dates for receiving dividends and other corporate benefits;

5. To review correspondence with the shareholders and take appropriate decisions in that regard; and
6. To redress complaints from shareholders from time to time.

The Committee, in accordance with Clause 49 (IV) (G), attends to the share transfer and other formalities once in a fortnight and has met 27 times during the financial year 2008-2009.

SUBSIDIARY COMPANIES:

In terms of Clause 49 (III) of the Listing Agreement, your Company does not have a material non-listed Indian subsidiary company, whose turnover or net worth exceeds 20% of the consolidated turnover or networth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

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

CEO/CFO CERTIFICATION:

As required by Clause 49(V) of the Listing Agreement, the CEO/ CFO Certificate signed by Mr. P. M. Murty, Managing Director & CEO and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 12th May, 2009.

GENERAL BODY MEETINGS:

The venue and the time of the last three Annual General Meetings of the Company are given as follows:

Year	Location	Meeting Date	Time	No. of special resolutions set out at the AGM
2007-2008	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	24th June, 2008	3.00 p.m.	4
2006-2007	Yashwantrao Chavan Pratisthan Auditorium Y. B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400021	26th June, 2007	3.00 p.m.	2
2005-2006	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	26th June, 2006	3.00 p.m.	NIL

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority. There were no resolutions passed through postal ballot during the financial year ended 31st March, 2009.

DISCLOSURES:

1. Disclosures on materially significant related party transactions:

Your Company has not entered into any transaction of a material nature except transactions with related parties which are furnished under Schedule 'M' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18), with the Promoters, Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large. All transactions were carried out on an arms length basis and were not prejudicial to the interest of the Company.

2. Details of non-compliance(s) by the Company:

The Company has complied with all the requirements of the Stock Exchange(s) or Securities Exchange Board of India on matters related to Capital Markets, as applicable from time to time. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

3. Disclosure of Accounting Treatment:

The Company follows Accounting Standards prescribed by the Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 1956 and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard(s).

4. Details of compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement:

- Your Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Following is the status of the compliance with the Non-Mandatory requirements of the Clause 49 of the Listing Agreement:
- The Company has constituted a Remuneration Committee. The Remuneration Committee determines the remuneration payable to the Directors in whole-time employment including the Managing Director of the Company. The Chairman of the Committee was present at the Annual General Meeting of the Company held on 24th June, 2008.
- Half-yearly results of the Company are sent to all shareholders.
- During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

5. Code of Conduct for the Board of Directors and senior management personnel.

The Board of Directors at their meeting held on 25th March, 2005, had adopted a Code of Conduct for all the Board Members and senior management personnel of the Company in consonance with the requirement under Clause 49(I)(D) of the Listing Agreement. The code of conduct has been posted on the website of

the Company. All the Board members and the senior management personnel have affirmed their compliance with the said code of conduct for the financial year ended 31st March, 2009. The declaration to this effect signed by Mr. P. M. Murty, Managing Director & CEO of the Company forms part of the report.

6. Code of Conduct for Prevention of Insider Trading.

Your Company has adopted a Code of Conduct for Prevention of Insider Trading, in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary is the Compliance Officer. All the Directors, senior management personnel and such other designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company are covered under the said code. The Directors, their relatives, senior management personnel, designated employees etc., are restricted in purchasing, selling and dealing in the shares while possession of unpublished price sensitive information about the Company as well as during certain periods known as "Quiet Period".

7. Management Discussion and Analysis.

This annual report has a detailed section on Management Discussion and Analysis.

MEANS OF COMMUNICATION:

- Quarterly/Half-yearly/Nine-months and Annual Financial Results of the Company are published in the all India editions of Business Standard and Mumbai editions of Free Press Journal and Navshakti.
- The results of the Company are also put up on the Company's corporate website: www.asianpaints.com. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.
- All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated to the members and others entitled thereto for each financial year.
- Your Company provides necessary information to the Stock Exchanges in terms of the Listing Agreement and other rules and regulations issued by the Securities Exchange Board of India.

DISCLOSURES REGARDING RE-APPOINTMENT OF DIRECTORS:

As per the Companies Act, 1956, at least two-thirds of the Board should consist of retiring Directors. Of these, one-third of the retiring Directors are required to retire every year. With effect from 1st April, 2009, all the Directors, excepting the Managing Director are liable to retire by rotation.

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

	Mr. Amar Vakil	Mr. R. A. Shah	Dr. S. Sivaram
Profile of the Director	Mr. Amar Vakil holds a degree in B.S. from Rensselaer Polytechnic, U.S.A. Immediately after his graduation, he joined Resins and Plastics Limited in 1974 and worked in various positions till he retired as Managing Director. Mr. Amar Vakil has in-depth knowledge of production and marketing of resins. Mr. Amar Vakil was also closely associated with various trade bodies. He was the Hon. Secretary of the Colour Society for two years and was one of the founder members of Indian Resin Manufacturers Association. He was also interested in the activities of Indian Paint Association, Indian Small Scale Paint Association and Indian Foundrymen.	Mr. R. A. Shah is a Solicitor and Senior Partner of M/s. Crawford Bayley & Co., a renowned law firm based in Mumbai. He specializes in a broad spectrum of Corporate Laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and License Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust Laws, Company Law and Taxation. Mr. R. A. Shah holds directorships in several distinguished companies. He is a Member of the Managing Committee of Bombay Chamber of Commerce, Indo German Chamber of Commerce, and he is also a Member of the Committee for Revision of SEBI Takeover Code.	Dr. S. Sivaram is a scientist of repute - his research interests being 'Polymer Synthesis'. In a career spanning achievements in the field of 'Polymer Synthesis', he has been felicitated in recognition of his invaluable contribution, with several awards and honours. He was bestowed with 'Padma Shri' award in January 2006 for his outstanding contribution in the field of science and technology. He is the Hon. Secretary of Society of Polymer Science, India and also member of the (1) Executive Editorial Board, Polymer International, Society of Chemical Industry, The United Kingdom (2) Editorial Board, Designed Monomers and Polymers, VSP International Science Publishers, The Netherlands (3) Editorial Board, J. Macromolecular Science, Chemistry, Marcel-Dekker, New York, USA (4) Editorial Board, International Journal of Polymeric Materials, Gordon and Breach Publishers, New York, USA and other Institutions of repute.
Date of joining the Board	1st October, 1995	7th April, 2001	7th April, 2001
Directorships and Committee Memberships in other Companies	<ul style="list-style-type: none"> • Elcid Investments Limited • Pragati Chemicals Limited • Resins and Plastics Limited 	<ul style="list-style-type: none"> • Godfrey Phillips India Ltd. • Clariant Chemicals (India) Limited <i>Chairman – Audit Committee</i> • Pfizer Ltd. <i>Chairman – Audit Committee</i> • Colgate Palmolive (India) Ltd. <i>Chairman – Audit Committee</i> • Abbott India Limited <i>Member – Audit Committee</i> • ACC Limited • The Bombay Dyeing & Mfg Co. Ltd. <i>Member – Audit Committee</i> • BASF India Limited <i>Member- Audit Committee</i> • Deepak Fertilizers & petrochemicals Corporation Ltd. • Lupin Limited • Piramal Healthcare Limited <i>Chairman – Audit Committee</i> • Procter & Gamble Hygiene and Healthcare Ltd. <i>Member – Audit Committee</i> • Wockhardt Ltd. <i>Member – Audit Committee</i> • Century Enka Ltd. <i>Member – Audit Committee</i> 	<ul style="list-style-type: none"> • Apcotex Industries Limited • GMM Pfaudler Ltd. <i>Member – Audit Committee</i>
No. of shares held in their own name	10,98,521	1,809	NIL

**ANNEXURE TO REPORT ON CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31ST MARCH, 2009****DECLARATION OF COMPLIANCE WITH THE CODE OF
CONDUCT**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel for the financial year ended 31st March, 2009.

P. M. Murty
Managing Director & CEO

**AUDITORS' CERTIFICATE ON CORPORATE
GOVERNANCE**

TO THE MEMBERS OF ASIAN PAINTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Asian Paints Limited ('the Company') for the year ended 31 March 2009 as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the stock exchanges in India.

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

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

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

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

For Shah & Co.
Chartered Accountants

For B S R & Associates
Chartered Accountants

H. N. Shah
Partner
Membership No.: 8152

Natrajan Ramkrishna
Partner
Membership No.: 32815

Mumbai
12th May, 2009

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	Friday, 26th June, 2009
Venue	Patkar Hall, Nathibai Thackersey Road New Marine Lines Mumbai 400 020
Time	3.00 p.m.

Financial calendar

Financial year: 1st April to 31st March

For the year ended 31st March 2009, results were announced on:

22nd July, 2008	First Quarter
24th October, 2008	Half Yearly
23rd January, 2009	Third Quarter and Nine Months
12th May, 2009	Fourth Quarter and Annual

For the year ending 31st March 2010, results will be tentatively announced:

On or around 25th July, 2009	First Quarter
On or around 22nd October, 2009	Half Yearly
On or around 22nd January, 2010	Third Quarter and Nine Months
On or around 10th May, 2010	Fourth Quarter and Annual

Book Closure

The dates of book closure are from 19th June, 2009 to 26th June, 2009, inclusive of both days.

Dividend

An interim dividend of Rs. 6.50 per share was declared on 24th October, 2008 and paid on 5th November, 2008. A final dividend of Rs.11/- (Rupees Eleven Only) per share has been recommended on 12th May, 2009 and subject to the approval from the shareholders at the AGM, will be paid after 26th June, 2009 as follows:

- to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged on or before 18th June, 2009.
- in respect of shares held in electronic form, to those members whose names appear in the statement of beneficial ownership furnished by NSDL and CDSL as at the closing hours of 18th June, 2009.

The details of dividend declared and paid by the Company for the last five years, are given as follows:

Year	Percentage (%)	Proportion to capital (Rs. in crores)
2003-2004	85	81.5
2004-2005	95	91.1
2005-2006	125	119.9
2006-2007	130	124.7
2007-2008	170	163.1
2008-2009 (interim)	65	62.4

Listing

The Company's shares are listed on:

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

The Company has paid the listing fees for the financial year 2008-2009 to the Stock Exchange(s) on which Company's shares are listed. The Company has also paid custodial fees for the year 2008-2009 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allocated to the Company by NSDL and CDSL is INE021A01018.

The stock exchange codes assigned to your Company's shares at these stock exchanges are as follows:

Stock Exchange	Code
BSE	500820
NSE	ASIANPAINT

Stock Price Data

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) for the year ended 31st March, 2009 are given as follows:

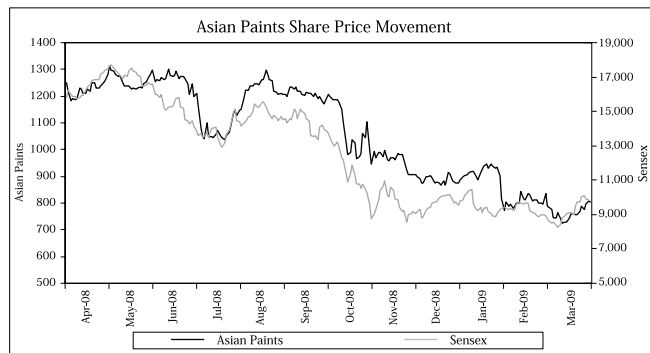
Month	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	Date on which it touched the high	Date on which it touched the low
April	1283.00	1145.00	220077	30.04.2008	3.04.2008
May	1314.00	1200.00	187687	2.05.2008	12.05.2008
June	1300.00	1130.00	1412043	11.06.2008	27.06.2008
July	1222.00	1000.00	351242	31.07.2008	2.07.2008
August	1298.00	1180.10	89730	13.08.2008	19.08.2008
September	1236.00	1136.00	209553	1.09.2008	30.09.2008
October	1185.00	830.00	321094	1.10.2008	27.10.2008
November	999.00	875.00	592188	5.11.2008	26.11.2008
December	913.30	845.00	272899	19.12.2008	15.12.2008
January	945.00	700.00	724853	16.01.2009	29.01.2009
February	844.90	757.00	123587	10.02.2009	4.02.2009
March	807.00	680.90	96789	30.03.2009	13.03.2009

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

Source: Website of BSE

Chart A shows the comparison of your Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex for the year 2008-09:

Chart A



The performance of the Company's share price as at the beginning and end of the financial year 2008-09 is given as follows:

Name of the Stock Exchange	BSE	NSE
Price as on 1st April, 2008	1193.40	1198.15
Price as on 31st March, 2009	786.00	786.35
Change in value	- 407.40	- 411.80
% Change	- 34.14%	- 34.37%

SHARE TRANSFER SYSTEM

The applications and requests received by your Company for transfer of shares held in physical form are processed and the share certificates for the same are sent to the transferee within the stipulated period under the Companies Act, 1956 and the Listing Agreement. A summary of all the transfers, transmissions, deletion requests, etc., approved by the Share Transfer Committee is placed before the Board of Directors from time to time for their review. The Committee ordinarily meets once every fortnight.

Distribution of Shareholder holdings

The distribution pattern of shareholding of your Company as on 31st March, 2009 by ownership and size class, respectively, is given as follows:

Category of shareholder	Total No. of shares	Percentage of total no. of shares
(A) Shareholding of Promoter and Promoter Group		
(a) Individuals/Hindu Undivided Family	9976728	10.40
(b) Bodies Corporate	36724936	38.29
(c) Trust	1241806	1.29
Total Shareholding of Promoter and Promoter Group (A)	47943470	49.98
(B) Public shareholding		
1) Institutions		
(a) Mutual Funds / UTI	2927201	3.05
(b) Financial Institutions/Banks	69036	0.07
(c) Insurance Companies	10918568	11.38

Category of shareholder	Total No. of shares	Percentage of total no. of shares
(d) Foreign Institutional Investors	12774218	13.32
Sub-Total(B) (1)	26689023	27.82
2) Non-Institutions		
(a) Bodies Corporate	5436247	5.67
(b) Individuals		
i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	12921079	13.47
ii) Individual shareholders holding nominal share capital in excess of Rs.1lakh	1130159	1.18
(c) Individual (Non-Resident individuals)	1799801	1.88
Sub-Total (B) (2)	21287286	22.20
Total Public Shareholding (B)=(B) (1)+(B) (2)	47976309	50.02
Total (A)+(B)	95919779	100.00

Distribution of shareholding of the Company by number of shares held as on 31st March, 2009 is given as follows:

Upto	Share holders Number	Share holders % to Total	Amount In Rupees	% to Total	
					500
501	1000	5008	10.21	39857950	4.15
1001	2000	1492	3.04	21851460	2.28
2001	3000	458	0.93	11514520	1.20
3001	4000	203	0.41	7175300	0.75
4001	5000	171	0.35	7769040	0.81
5001	10000	216	0.44	15790830	1.65
10001	and above	353	0.72	808302930	84.27
TOTAL		49074	100.00	959197790	100.00

Details about Company's dematerialised shares

Number of shares	% of total shares	Number of shareholders	% of total shareholders
8,12,02,563	84.66%	35,115	71.56%

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

Break up of shares in physical and demat form as on 31st March, 2009 is as follows:

Physical Segment	No. of Shares	Percentage of shares %
Physical Segment	1,47,17,216	15.34
Demat Segment:		
NSDL	8,00,43,081	83.45
CDSL	11,59,482	1.21
Total	9,59,19,779	100.00

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

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31st March, 2009.

Details of public funding obtained in the last three years

Your Company has not obtained any public funding in the last three years.

Other Information

Corporate Identification Number (CIN No.):

L24220MH1945PLC004598

Secretarial Audit Report

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

Electronic Clearing Scheme (ECS) for dividend

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

This service provides instantaneous credit to the shareholders account and protects against fraudulent interception and encashment of dividend warrants but also eliminates dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation/issue of duplicate warrants.

Shareholders holding shares in physical form

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

Shareholders holding shares in electronic/demat form

Investors holding shares in demat or electronic form may send in their ECS mandate to the concerned Depository Participant (DP) directly, in the format prescribed by the DP. Pursuant to the Depository Regulations, the Company is obliged to pay dividend on dematerialised shares as per the details furnished by the concerned DP. The Company or the Registrar and Transfer Agent cannot make any change in such records received from the Depository.

Nomination facility

Pursuant to the provision of Section 109A of the Companies Act, 1956, members are entitled to make a nomination in respect of the shares held by them. Members holding shares in physical form and desirous of making a nomination are requested to send their requests in Form 2B (A format is given at the end of the annual report), to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited, Satam Estate, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 or Sharepro Services (India) Private Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021. Members holding shares in electronic form are requested to give the nomination request to their respective Depository Participants directly.

Consolidation of Folios

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

Unpaid/Unclaimed dividend

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

Due dates for transfer of dividend unclaimed to IEPF are as follows:

Financial Year	Unclaimed dividend amount as on 31.3.2009 (in Rupees)	Due Date for transfer to IEPF
2001-2002 Final	1220473	25.08.2009
2002-2003 Interim	1093970	22.11.2009
2002-2003 Final	1575890	17.08.2010
2003-2004 Interim	1082200	29.11.2010
2003-2004 Final	1377829.8	27.07.2011
2004-2005 Interim	1434248	26.11.2011
2004-2005 Final	1838230	26.07.2012
2005-2006 Interim	1602932	25.11.2012
2005-2006 Final	2508736	25.07.2013
2006-2007 1st interim	1864623.5	29.11.2013
2006-2007 2nd interim	2170800	12.04.2014
2006-2007 Final	481793.5	25.07.2014
2007-2008 Interim	2485282.5	18.11.2014
2007-2008 Final	4308591.5	23.07.2015
2008-2009 Interim	3566458.4	23.11.2015

Registrar & Transfer Agent

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

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

Sharepro Services (India) Pvt. Ltd.

Unit: Asian Paints Limited
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai 400 099.
Tel. No. 67720300/67720351/67720353
Fax No. 2837 5646
Email: sharepro@vsnl.com

Sharepro Services (India) Pvt. Ltd.

Unit: Asian Paints Limited
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai 400 021.
Tel. No: 2288 1568, 2288 1569,
2282 5163, 2288 4527
Fax No. 2282 5484
Email: sharepro_services@roltanet.com
For the benefit of shareholders, documents will also continue to be accepted at the following office of the Company:

Asian Paints Limited

6A Shantinagar, Santacruz (E), Mumbai 400 055
Email: investor.relations@asianpaints.com

Members are requested to quote their e-mail address, telephone number and full address for prompt reply to their communication.

Website (www.asianpaints.com)

E-mail ID for Investor's Grievances:

The e-mail address for investor grievance is

investor.relations@asianpaints.com

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

Plant locations**Paint Plants:**

Lal Bahadur Shastri Marg,
Bhandup, Mumbai 400 078,
Maharashtra.

Plot No. 2602, GIDC Industrial Area,
Ankleshwar 393 002,
Gujarat.

Plot Nos. 50-55, Industrial Development Area,
Phase II, Patancheru 502 309
Dist. Medak, Andhra Pradesh.

A-1, UPSIDC Industrial Area, Kasna - II,
Kasna Village, Tehsil Sikandarabad,
Dist. Bulandshahr 203 207,
Uttar Pradesh.

SIPCOT Industrial Park,
Plot No. E6-F13,
Sriperumbudur - 602 105,
Kancheepuram District,
Tamil Nadu.

Plot No 1, IMT, Sector 30 B
PO Kherisadh Village, Rohtak,
Haryana 124027.

Phthalic Plant:

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

Penta Plant:

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

Taloja Plant (Industrial Paints):

Plot No. 3/2, MIDC, Taloja,
Raigad 410 208, Maharashtra.

Address for Correspondence:**Registered Office:**

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

asianpaints

Asian Paints Limited

Registered Office : 6 A, Shanti Nagar, Santacruz (E), Mumbai 400 055.
E-mail: investor.relations@asianpaints.com

PAYMENT OF DIVIDEND THROUGH ELECTRONIC CLEARING SERVICE (ECS)

Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use the bank account details furnished by the investors for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available. In the absence of ECS facility, the companies are required to print the bank account details, if available, on the payment instrument, for the distribution of dividends to the investors.

Salient features of the scheme:

- **Instant Credit**

This facility provides instant credit of dividend amount to your bank account electronically at no cost. **ECS also eliminates the delay in postal transit and fraudulent encashment of warrants.**

- **Coverage**

ECS through RBI clearing is presently available at Mumbai, New Delhi, Kolkata, Chennai, Ahmedabad, Bangalore, Hyderabad, Kanpur, Nagpur, Jaipur, Chandigarh, Patna, Bhubaneswar, Guwahati and Thiruvananthapuram.

- **Procedure for Credit**

Under this facility, the amount of dividend payable to you would be directly credited to your bank account. Your bank branch will credit your account and indicate the credit entry as 'ECS transaction' in your passbook/statement of account.

In case ECS facility is not made available to you by the Company/their Bankers at a particular centre the dividend amount due to you would be remitted by means of a dividend warrant which would be posted to your address with the particulars of the bank branch and account number furnished by you duly incorporated on it.

If you wish to avail of this facility and hold shares in physical form, kindly fill in the Form printed overleaf and return the same alongwith a xerox copy of the cancelled the cheque pertaining to the Bank Account where you would like the amount to be credited to the following address:

Sharepro Services (India) Pvt. Ltd.,
Unit: Asian Paints Limited,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala, Andheri (E),
Mumbai 400 099.
Tel. No.: 6772 0300, 6772 0351, 6772 0353.

Please send the same to the above mentioned address to enable us to credit the future dividend entitlements to your account through ECS.

This arrangement is subject to the RBI guidelines issued from time to time.

Bank particulars to be incorporated on warrants

If you do not wish to opt for ECS facility, we request you to provide us your bank details for printing the same on the dividend warrants which will be mailed to you in future, in the space provided overleaf. In case you have already furnished these particulars and if there is any change/correction in the same, kindly fill up the required details.

IN CASE YOU HAVE DEMATERIALISED YOUR SHARES AND HOLD SHARES IN ELECTRONIC FORM, KINDLY CONVEY NECESSARY BANK DETAILS TO YOUR DEPOSITORY PARTICIPANT.

All queries to be addressed to the Company's Registrar & Transfer Agent:

SHAREPRO SERVICES (INDIA) PVT. LTD.

Unit: Asian Paints Limited
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai 400 099.
Tel. No.: 6772 0300, 6772 0351, 6772 0353
Fax No.: 2837 5646
E-mail : sharepro@vsnl.com

SHAREPRO SERVICES (INDIA) PVT. LTD.

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

E-mail id

Telephone No.:

STD Code	Tel. No.
<input type="text"/>	<input type="text"/>

Sharepro Services (India) Pvt. Ltd.,
Unit: Asian Paints Limited,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala, Andheri (E),
Mumbai 400 099.

Dear Sirs,

I request you to register the bank details against my account as given below:

FOLIO NO. :

NAME(S) OF THE HOLDERS :

ACCOUNT TYPE : SAVINGS CURRENT CASH CREDIT

ACCOUNT NO. :

(PLEASE TICK FOR THE FACILITY YOU OPT)

- Mail the warrant directly to the bank.
- Mail the warrant at my registered address with the bank particulars incorporated.
- 3* Directly credit to the account through Electronic Clearing System (ECS).

*** If opted for ECS, kindly provide the following information:**

9 DIGIT CODE NUMBER OF THE BANK AND BRANCH AS
APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK
LEDGER FOLIO NO. (IF ANY) OF YOUR ACCOUNT.

(in case if you have opted for ECS, affix photocopy of your cancelled cheque here)

I hereby declare that the particulars given are correct and complete. If the payment transaction through ECS is delayed or not effected at all for any reasons, I would not hold the Company or the Registrar & Transfer Agent responsible.

Date: _____

Signature

FORM 2B

[Rule 5 D of Companies (Central Govt's) Rules & Forms]

NOMINATION FORM

(To be filled in by individual applying singly or jointly)

I/We, _____ the holder(s) of Equity Shares bearing Folio Number and accruals thereon of **Asian Paints Limited** wish to make a nominator and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my/our death.

Name and Address of the nominee

Name : _____

Address : _____

_____ Phone : _____

Date of Birth* : _____

(to be furnished in case
the nominee is minor)

Signature of Nominee

*The nominee is a minor whose guardian is –

Name and address of the guardian _____

Signature(s) of Holder(s)

Signature : _____
(1st Holder)

Signature : _____
(1st Joint Holder, if any)

Name : _____

Name : _____

Address : _____

Address : _____

Date : _____

Date : _____

Signature of two witnesses

Name and Address

Signature and date

1.

2.

Instructions :

1. The nomination can be made by individuals only applying/holding shares /on their own behalf singly or jointly upto two persons. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the securities are held jointly, all joint holders will sign the nomination form.
2. A minor can be nominated by holders of shares/and in that event the name and address of the Guardian shall be given by the holders.
3. The nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis, provided RBI approval granted to the nominee is registered with the Company.
4. Nomination shall stand rescinded upon transfer of shares.
5. Transfer of shares/in favour of a nominee and repayment of amount of deposits to nominee shall be valid discharge by a Company against the legal heir.

FOR OFFICE USE ONLY

Nomination Regn. No.: _____

Checked by : _____

Date of Registration : _____

Signature : _____

INSTRUCTIONS

1. Nomination per Folio

Nomination for only one folio can be made on this Form. In case you have many folios, then you may take a photocopy of this Form and nominate separately.

2. Signatures

The sole/joint holders should sign as per the specimen signature recorded with the Company. Otherwise, the Form is liable to be rejected.

3. Change in Composition of the Account

Nomination stand rescinded upon transfer of shares. Whenever the shares in the given folio are transferred/transposed/transmitted/dematerialised/amalgamated with some other folio, then this nomination stands void. A new Nomination Form will have to be filled in by the person(s) in whose name(s) the shares have been transferred/transposed/transmitted/amalgamated.

4. Electronic Holding

The nomination given in the Form would be considered for the physical holding only. In case securities are held in electronic form, then the holder(s) have to approach the Depository Participant for registering their nomination.

5. Accruals and Acquisitions

Once a nomination is registered by a Company for a given folio, the same is valid for all future accruals and acquisitions made by the holder(s) in that folio unless notified to the contrary by the holder(s).

6. Validity of Nomination

The nomination made through Form 2B will be considered valid and recognised by the Company if the nomination made by the holder(s) of the shares/is registered with the Company before the death of the holder(s) of the shares.

7. Entitlement of Nominee

The nominee will be entitled to all the rights in the shares of the Company only in the event of death of the Sole/all holders in the account. The nominee will be required to approach the Company for transmitting the securities in his/her name and will be required to produce the death certificate of the holder(s), the share certificates and proof of identity as required by the Company.

8. Date of Execution

Kindly note that nomination being a legal document should be dated by the nominator and the witnesses certifying that the Form has been signed by the nominator in their presence. Furthermore the date of execution on the Nomination Form should match with the date of witnesses witnessing the document.

All queries to be addressed to the Company's Registrar & Transfer Agent:

SHAREPRO SERVICES (INDIA) PVT. LTD.**Unit: Asian Paints Limited**

Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai 400 099.
Tel. No.: 6772 0300, 6772 0351, 6772 0353
Fax No.: 2837 5646
E-mail : sharepro@vsnl.com

SHAREPRO SERVICES (INDIA) PVT. LTD.**Unit: Asian Paints Limited**

912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai 400 021.
Tel. No.: 2288 1568, 2288 1569,
2282 5163, 2288 4527
Fax No. : 2282 5484
E-mail : sharepro_services@roltanet.com

NOTICE

NOTICE is hereby given that the **SIXTY-THIRD ANNUAL GENERAL MEETING of ASIAN PAINTS LIMITED** will be held at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020, on Friday, 26th June, 2009 at 3.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the accounts for the year ended 31st March, 2009 together with the Reports of the Board of Directors and Auditors' thereon.
2. To consider and declare payment of final dividend and confirm the interim dividend of Rs. 6.50 per equity share, declared and paid during the financial year ended 31st March, 2009.
3. To appoint a Director in place of Mr. Amar Vakil, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R. A. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. S. Sivaram, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Shah & Co., Chartered Accountants and M/s. B S R & Associates, Chartered Accountants, be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business:

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 317 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") including any statutory modifications or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ashwin Choksi as the Executive Chairman of the Company, from 18th December, 2008 to 31st March, 2009, including remuneration, perquisites, benefits and amenities payable to Mr. Ashwin Choksi as per the terms and conditions, contained in the agreement entered into by him with the Company, with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said re-appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to settle any

question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 317 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") including any statutory modifications or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ashwin Dani as the Vice Chairman and Managing Director of the Company, from 18th December, 2008 to 31st March, 2009, including remuneration, perquisites, benefits and amenities payable as per the terms and conditions contained in the agreement entered into by him with the Company, with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said re-appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 317 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") including any statutory modifications or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the re-appointment of Mr. Abhay Vakil as the Managing Director of the Company, from 18th December, 2008 to 31st March, 2009, including remuneration, perquisites, benefits and amenities payable as per the terms and conditions contained in the agreement entered into by him with the Company, with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said re-appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient

for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

10. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. P. M. Murty who was appointed as an Additional Director by the Board of Directors of the Company on 5th March, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 and who is eligible for appointment as a Director of the Company, be and is hereby appointed as a Director.”

11. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 317 and Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the Act”) including any statutory modifications or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to:

- a. the appointment of Mr. P. M. Murty as the Whole-time Director for the period 5th March, 2009 to 31st March, 2009; and
- b. the appointment of Mr. P. M. Murty as the Managing Director & CEO of the Company, for the period commencing from 1st April, 2009 to 31st March, 2012.

RESOLVED FURTHER THAT approval be and is hereby accorded to the remuneration, perquisites, benefits and amenities payable as per the terms and conditions of the Agreement entered into by Mr. P. M. Murty with the Company for the aforesaid appointment(s) and as set out in this notice; with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Mr. P. M. Murty remuneration, perquisites, benefits and amenities not exceeding the ceiling laid down in Section II of Part II Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors, subject to necessary sanctions and approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to enhance enlarge, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. P. M. Murty in the light of further progress of the Company which revision should be made in conformity with any amendments to the relevant provisions of the Act and/or rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

12. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ashwin Choksi who was appointed as an Additional Director with effect from 1st April, 2009 by the Board of Directors of the Company at their meeting held on 5th March, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 and who is eligible for appointment as a Director of the Company, be and is hereby appointed as a Director not in whole time employment of the Company and who shall be liable to retire by rotation.”

13. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ashwin Dani who was appointed as an Additional Director with effect from 1st April, 2009 by the Board of Directors of the Company at their meeting held on 5th March, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 and who is eligible for appointment as a Director of the Company, be and is hereby appointed as a Director not in whole time employment of the Company and who shall be liable to retire by rotation.”

14. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Abhay Vakil who was appointed as an Additional Director with effect from 1st April, 2009, by the Board of Directors of the Company at their meeting held on 5th March, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 and who is eligible for appointment as a Director of the Company, be and is hereby appointed as a Director not in whole time employment of the Company and who shall be liable to retire by rotation.”

15. To consider, and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 309 and such other applicable provisions, if any, of the Companies Act, 1956 and rules and regulations thereunder, or any statutory modification or any amendment or substitution or re-enactment thereof and subject to the relevant provisions of the Articles of Association of the Company, the Board of Directors of the Company be and

are hereby authorised to pay remuneration for a period of five years commencing from 26th June, 2009, to the Directors not in whole-time employment of the Company, such amounts that the Board may determine, as remuneration by way of commission on the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956, not exceeding one percent of such net profits to all such Directors together.

RESOLVED FURTHER THAT the Board of Directors 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.”

NOTES:

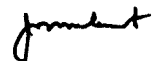
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 11.00 a.m to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th June, 2009 to 26th June, 2009 (both days inclusive).
5. Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid after 26th June, 2009 to those members whose names appear on the Register of Members as on 18th June, 2009. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of 18th June, 2009, as per the details furnished by National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
6. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Sharepro Services (India) Pvt. Ltd., Unit: Asian Paints Limited, 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021 or Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 at the earliest but not later than 18th June, 2009.
 - Any change in their address/mandate/bank details; and
 - Particulars of their bank account, in case the same have not been sent earlier.
7. Members holding shares in the electronic form are advised to inform changes in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
8. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to fill up the form annexed as a part of the Annual Report and send the same to the office of the Registrar and Transfer Agent of the Company.
9. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
10. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
11. In terms of Sections 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, in the year 2008-2009, the Company would be transferring the unclaimed or unpaid Final Dividend for the year ended 31st March, 2002 and Interim Dividend for the financial year ended 31st March, 2003, to the IEPF on or before 25th September, 2009 and 22nd December, 2009, respectively. Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.
12. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
13. Information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:

	Mr. Amar Vakil	Mr. R. A. Shah	Dr. S. Sivaram
Profile of the Director	Mr. Amar Vakil holds a degree in B.S. from Rensselaer Polytechnic, U.S.A. Immediately after his graduation, he joined Resins and Plastics Limited in 1974 and worked in various positions till he retired as Managing Director. Mr. Amar Vakil has in-depth knowledge of production and marketing of resins. Mr. Amar Vakil was also closely associated with various trade bodies. He was the Hon. Secretary of the Colour Society for two years and was one of the founder members of Indian Resin Manufacturers Association. He was also interested in the activities of Indian Paint Association, Indian Small Scale Paint Association and Indian Foundrymen.	Mr. R. A. Shah is a Solicitor and Senior Partner of M/s. Crawford Bayley & Co., a renowned law firm based in Mumbai. He specializes in a broad spectrum of Corporate Laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and License Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing, Anti Trust Laws, Company Law and Taxation. Mr. R. A. Shah holds directorships in several distinguished companies. He is a Member of the Managing Committee of Bombay Chamber of Commerce, Indo German Chamber of Commerce, and he is also a Member of the Committee for Revision of SEBI Takeover Code.	Dr. S. Sivaram is a scientist of repute - his research interests being 'Polymer Synthesis'. In a career spanning achievements in the field of 'Polymer Synthesis', he has been felicitated in recognition of his invaluable contribution, with several awards and honours. He was bestowed with 'Padma Shri' award in January 2006 for his outstanding contribution in the field of science and technology. He is the Hon. Secretary of Society of Polymer Science, India and also member of the (1) Executive Editorial Board, Polymer International, Society of Chemical Industry, The United Kingdom (2) Editorial Board, Designed Monomers and Polymers, VSP International Science Publishers, The Netherlands (3) Editorial Board, J. Macromolecular Science, Chemistry, Marcel-Dekker, New York, USA (4) Editorial Board, International Journal of Polymeric Materials, Gordon and Breach Publishers, New York, USA and other Institutions of repute.
Date of joining the Board	1st October, 1995	7th April, 2001	7th April, 2001
Directorships and Committee Memberships in other Companies	<ul style="list-style-type: none"> • Elcid Investments Limited • Pragati Chemicals Limited • Resins and Plastics Limited 	<ul style="list-style-type: none"> • Godfrey Phillips India Limited • Clariant Chemicals (India) Limited <i>Chairman – Audit Committee</i> • Pfizer Ltd. <i>Chairman – Audit Committee</i> • Colgate Palmolive (India) Limited <i>Chairman – Audit Committee</i> • Abbott India Limited <i>Member – Audit Committee</i> • ACC Limited • The Bombay Dyeing & Mfg. Co. Limited <i>Member – Audit Committee</i> • BASF India Limited <i>Member – Audit Committee</i> • Deepak Fertilizers & Petrochemicals Corporation Limited • Lupin Limited • Piramal Healthcare Limited <i>Chairman – Audit Committee</i> • Procter & Gamble Hygiene and Healthcare Limited <i>Member – Audit Committee</i> • Wockhardt Limited <i>Member – Audit Committee</i> • Century Enka Limited <i>Member – Audit Committee</i> 	<ul style="list-style-type: none"> • Apcotex Industries Limited • GMM Pfaudler Ltd. <i>Member – Audit Committee</i>
No. of shares held in their own name	10,98,521	1,809	NIL

The Board of Directors recommend the re-appointment of Mr. Amar Vakil, Mr. R. A. Shah and Dr. S. Sivaram, as Directors of the Company. Excepting, Mr. Amar Vakil and Mr. Abhay Vakil, no other Director of the Company is concerned or interested in Mr. Amar Vakil's re-appointment as a Director. Excepting, Mr. R. A. Shah and Dr. S. Sivaram, none of the Directors of the Company may be deemed to be concerned or interested in their re-appointment as Directors of the Company, respectively.

Registered Office:
6A, Shantinagar
Santacruz (East)
Mumbai 400 055
12th May, 2009

For Asian Paints Limited



Jayesh Merchant
Chief Financial Officer &
Company Secretary

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT: (Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.7 to 9:

At the 57th Annual General Meeting of the Company held on 18th July, 2003, the shareholders had approved appointment of Mr. Ashwin Choksi as the Executive Chairman, Mr. Ashwin Dani as Vice Chairman and Managing Director and Mr. Abhay Vakil as Managing Director for a period of 5 years with effect from 18th December, 2003 on terms and conditions as approved by the members. The tenure of the said agreements expired on 17th December, 2008.

The Board of Directors of the Company at their meeting on 7th December, 2008, had approved the re-appointment of the three Executive Directors on the same terms and conditions as contained in their previous contracts of employment, pursuant to Section 269, 198, 309, 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the period with effect from 18th December, 2008 to 31st March, 2009, subject to the approval by the shareholders of the Company at the ensuing Annual General Meeting.

The terms and conditions including remuneration, relating to appointment of Mr. Ashwin Choksi as the Executive Chairman, Mr. Ashwin Dani as the Vice Chairman and Managing Director and Mr. Abhay Vakil as the Managing Director, are the same as contained in their previous contracts of employment. The remuneration paid to the Executive Chairman/Vice Chairman and Managing Director/Managing Director was subject to such limits, if any, and in accordance with provisions of the Section 269 and Schedule XIII of the Companies Act, 1956.

The copies of the Agreement(s) for re-appointment of the Executive Directors detailing the terms and conditions of the re-appointment of Mr. Ashwin Choksi, Executive Chairman, Mr. Ashwin Dani, Vice Chairman and Managing Director and Mr. Abhay Vakil, Managing Director are available for inspection by the members at the Registered Office of the Company during working hours between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

An abstract of the terms and conditions as regards re-appointment and payment of remuneration to Mr. Ashwin Choksi, Executive Chairman, Mr. Ashwin Dani, Vice Chairman and Managing Director and Mr. Abhay Vakil, Managing Director under Section 302 of the Companies Act, 1956, has already been circulated to the members.

Excepting, Mr. Ashwin Choksi and Mr. Mahendra Choksi, no other Directors of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 7 of this Notice, except as a member, if any, of the Company.

Excepting, Mr. Ashwin Dani and Mr. Hasit Dani no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 8 of this Notice, except as a member, if any, of the Company.

Excepting, Mr. Abhay Vakil and Mr. Amar Vakil no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 9 of this Notice, except as a member, if any, of the Company.

Item No. 10 to 11:

The Board of Directors at their meeting held on 5th March, 2009, appointed Mr. P. M. Murty as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Mr. P. M. Murty holds office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956, from the members proposing the appointment of Mr. P. M. Murty as a Director, along with the required deposit amount.

Mr. P. M. Murty has obtained a Bachelor's Degree in Science with Hons., in Mathematics from Calcutta University and has done Post Graduation in Management from IIM, Calcutta of 1971 batch. In a career spanning 38 years, Mr. P. M. Murty has worked in various capacities in the Sales, Materials, Manufacturing Plants and Human Resources of the Company before being elevated to the position of General Manager – Marketing in 1992. He successfully spearheaded as the Chief Executive, the assignment of formation of the Joint Venture Company with PPG Industries Inc. (USA) for Automotive Paints. In the year 1998, when the Company restructured its business, Mr. P. M. Murty was called to head the Decorative Business, the largest business unit of the Company, as the President.

The contracts of employment of Mr. Ashwin Choksi as the Executive Chairman, Mr. Ashwin Dani as the Vice Chairman and Managing Director and Mr. Abhay Vakil as the Managing Director, were due for expiry on 31st March, 2009. Thus, the Board of Directors at their meeting held on 5th March, 2009, took a momentous decision and appointed Mr. P. M. Murty as the Whole-time Director with effect from 5th March, 2009 and as the Managing Director & CEO with effect from 1st April, 2009 to 31st March, 2012, not liable to retire by rotation. The Board of Directors also approved the terms and conditions of his appointment including remuneration, as recommended by the Remuneration Committee, in accordance with Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, subject to approval of the shareholders at the ensuing Annual General Meeting.

The terms and conditions as to appointment of Mr. P. M. Murty are briefly mentioned as under:

1. The appointment of Mr. P. M. Murty as the Managing Director shall be subject to the supervision and control of the Board of Directors of the Company. The Managing Director shall manage the business and affairs of the Company and exercise such powers as are vested in the Managing Director by the Board of Directors subject to any limitation or conditions which may be prescribed by

the Act or the provisions of Memorandum and/or Articles of Association or the Board or by the Company in General Meeting.

2. The Managing Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare, excluding cases where he is appointed or nominated as a Director on the Board of any of the Company's subsidiaries, Joint Ventures and other Associate Companies.
3. The Managing Director shall maintain confidentiality as to any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his tenure as the Managing Director or at any time thereafter.
4. The Managing Director after ceasing to be a Managing Director shall not either on his behalf or on behalf of any other person solicit business in competition with the Company from any clients of the Company.
5. Subject to the provisions of the Companies Act, 1956, the Managing Director, while he continues to hold office of the Managing Director, shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Directors to retire, but shall *ipso facto* and immediately cease to be the Managing Director, if he ceases to hold office of a Director due to any cause.
6. Notwithstanding the fact the Managing Director was appointed as a Director prior to his appointment as the Managing Director, forthwith upon termination of this employment agreement for any reasons whatsoever, he shall be deemed to have vacated his office as a Director in accordance with the provisions of section 283 (1)(l) of the Companies Act, 1956.
7. The Agreement may be terminated by the Managing Director or the Company by giving, not less than six calendar months notice in writing. The Company shall be entitled to terminate the employment agreement forthwith at any time by paying him six months' basic salary in lieu of such notice.

Details of Remuneration, Perquisites and Other Benefits payable to Mr. P. M. Murty are as follows:

Remuneration

- A. Salary:
For the period from 5th March, 2009 to 31st March, 2012: Rs. 7,50,000/- (Rupees seven lacs and fifty thousand only) per month with increment not exceeding 20% per annum at the discretion of the Board of Directors of the Company.
- B. Commission:
The Managing Director shall be paid commission with effect from 1st April, 2009, at the maximum of 0.75% for

each financial year on the net profit of the Company as calculated under Section 349 of the Companies Act, 1956 and such other applicable provisions, if any, of the Act, as may be determined by the Board of Directors from time to time. The Managing Director shall not get Commission for the period 5th March, 2009 to 31st March, 2009.

Perquisites:

- A. The Whole-time Director/Managing Director will be provided furnished accommodation, and in case no accommodation is provided by the Company, the Whole-time Director/ Managing Director shall be entitled to House Rent Allowance subject to the ceiling as stated below:

House Rent Allowance: 40% of the salary per month, in case the Whole-time Director/ Managing Director is not provided furnished accommodation.
- B. Provident Fund: 12% of the basic salary.

The contribution is subject to any changes effected in the schemes/rules of the Provident Fund.
- C. Car: Provision of Company cars for official and for personal purpose of the Whole-time Director/Managing Director.
- D. Telephone: Provision of 2 (two) telephones at the residence of the Whole-time Director/Managing Director and internet broadband and reimbursement of mobile telephone expenses. Personal international calls shall be billed by the Company to the Whole-time Director/Managing Director.
- E. Other Perquisites: The perquisites other than A, B, C and D above shall be within an overall limit of 55% of annual basic salary per annum of the Whole-time Director/ Managing Director. Such perquisites will include leave travel assistance, utilities expenses, reimbursement of personal driver's salary, payment of Club fees (maximum of 2 clubs) excluding entrance fees, etc.; but exclusive of Reimbursement of medical expenses, reimbursement of telephone, internet and petrol expenses. The perquisites shall be valued as per the Income Tax Act, 1961.

Benefits and Amenities:

- A. Gratuity: Benefits in accordance with the rules and regulations in force in the Company from time to time but shall not exceed a half month's salary for each completed year of service.
- B. Leave: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of three months. Leave encashment for a maximum of three months accumulated leave, to be permitted at the end of the term.
- C. Loan and Other Schemes: Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company, from time to time.

D. Other benefits and amenities: Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

E. Reimbursement of costs, charges and expenses: The Company shall pay to or reimburse the Whole-time Director/Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all costs, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The remuneration, perquisites, benefits and amenities as aforesaid to be allowed to the Managing Director shall be subject to such limits, if any, as laid down by the Companies Act, 1956.

Notwithstanding anything to the contrary herein, wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director, remuneration, perquisites, benefits and amenities not exceeding the ceiling for the time being laid down in Section II of Part II to Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company and subject to such sanctions and approvals as may be necessary.

The scope and quantum of remuneration, perquisites, benefits and amenities specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act 1956, and/or the rules and regulations made there under and/or such guidelines as may be announced by the Central Government from time to time.

The copy of the Agreement for appointment of Mr. P. M. Murty, detailing the terms and conditions of his appointment is available for inspection by the members at the Registered Office of the Company during working hours between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

The terms of appointment and payment of remuneration to Mr. P. M. Murty, as stated here has already been circulated as an abstract under Section 302 of the Companies Act, 1956 to the members of the Company.

The Board of Directors are of the opinion that the appointment of Mr. P. M. Murty as the Additional Director and Whole-time Director with effect from 5th March, 2009 and as the Managing Director & CEO with effect from 1st April, 2009, is in the best interest of the Company and accordingly, recommend the resolution set out in Item No. 10 and 11 for approval of the members.

Excepting Mr. P. M. Murty, none of the Directors of the Company are concerned or interested in the Ordinary Resolutions at

Item No. 10 and 11 of this Notice, except as a member, if any, of the Company.

Item Nos. 12 to 14

The contracts of employment of Mr. Ashwin Choksi, as the Executive Chairman, Mr. Ashwin Dani as the Vice-Chairman and Managing Director and Mr. Abhay Vakil, as the Managing Director which were renewed for the period from 18th December, 2008 to 31st March, 2009, by the Board of Directors of the Company at their meeting held on 7th December, 2008, expired on 31st March, 2009.

Accordingly, the Board of Directors at their meeting held on 5th March, 2009, to take benefit of their large and varied experience, appointed Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Additional Director(s), respectively, with effect from 1st April, 2009, pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company. Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil hold office upto the date of the ensuing Annual General Meeting. The Company has received notices pursuant to Section 257 of the Companies Act, 1956, from the members proposing the appointment of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil as Director(s) of the Company, respectively, along with the required deposit amount.

The Board of Directors also at their meeting held on 5th March, 2009, appointed Shri Ashwin Choksi, as the Non-Executive Chairman and Shri Ashwin Dani as the Non-Executive Vice Chairman of the Board of Directors of the Company with effect from 1st April, 2009, respectively.

The Board of Directors propose the appointment of Mr. Ashwin Choksi as a Director and recommend the resolution as set out in item no. 12 for the approval of the shareholders at the ensuing Annual General Meeting.

Excepting, Mr. Ashwin Choksi and Mr. Mahendra Choksi, no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 12 of this Notice, except as a member, if any, of the Company.

The Board of Directors propose the appointment of Mr. Ashwin Dani as a Director and recommend the resolution as set out in item no. 13 for the approval of the shareholders at the ensuing Annual General Meeting.

Excepting, Mr. Ashwin Dani and Mr. Hasit Dani no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 13 of this Notice, except as a member, if any, of the Company.

The Board of Directors propose the appointment of Mr. Abhay Vakil as a Director and recommend the resolution as set out in item no. 14 for the approval of the shareholders at the ensuing Annual General Meeting.

Excepting, Mr. Abhay Vakil and Mr. Amar Vakil no other Director of the Company may be deemed to be concerned or interested in the Ordinary Resolution at Item No. 14 of this Notice, except as a member, if any, of the Company.

Item No. 15

At the Annual General Meeting held on 28th June, 2004, shareholders of the Company had accorded approval by a Special Resolution for payment of commission to the Non-Executive Directors of the Company. The shareholders had then authorised the Board of Directors to determine the amount of commission payable to the Non-Executive Directors of the Company but not exceeding one percent of the net profits of the Company to all such Directors together.

Section 309(7) of the Companies Act, 1956, provides that the aforesaid approval of the shareholders shall remain in force for a period of five years only. It is, therefore, necessary to seek a fresh approval of the shareholders of the Company, for payment of remuneration to the Non-Executive Directors of the Company at the ensuing Annual General Meeting, for a further period of five years.

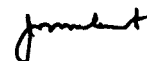
Section 309 of the Companies Act, 1956, *inter-alia*, provides that the remuneration payable to the Non-Executive Directors

shall not exceed one percent of the net profits of the Company, if the Company has a Managing or a Whole-time Director.

In view of the above, it is proposed to pay remuneration to the Non-Executive Directors of the Company, all together, not exceeding one percent of the net profits of the Company, calculated in accordance with the Companies Act, 1956, subject to the approval of the shareholders for a period of five years commencing 26th June, 2009.

Non-Executive Directors of the Company may individually be deemed to be interested or concerned in the proposed Special Resolution at Item No. 15 of this Notice.

For Asian Paints Limited



Jayesh Merchant

Chief Financial Officer &
Company Secretary

Registered Office:

6A, Shantinagar
Santacruz (East)
Mumbai 400 055
12th May, 2009

asianpaints

Asian Paints Limited

Registered Office: 6A, Shantinagar, Santacruz (East), Mumbai 400 055.

ATTENDANCE SLIP

(To be presented at the entrance)

DP ID _____

Folio No./Client ID _____

I/We hereby record my/our presence at the 63rd ANNUAL GENERAL MEETING at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on 26th June, 2009 at 3.00 p.m.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Name of the Shareholder/Proxyholder

Signature of the Shareholder/Proxyholder

asianpaints

Asian Paints Limited

Registered Office: 6A, Shantinagar, Santacruz (East), Mumbai 400 055.

PROXY FORM

I/We _____ of _____

(Full Address)

in the district of _____ being, a Member/Members of ASIAN PAINTS LIMITED
hereby appoint _____
(Name in Blocks)

of _____ in the district of _____ (or failing
(Address)
him/her) _____ of _____
(Name in Blocks) (Address)

in the district of (or failing him/her) _____ of _____

in the district of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 63rd Annual General Meeting of the Company to be held on 26th June, 2009 at 3.00 p.m. and at any adjournment thereof.

AS WITNESS my hand / our hands this _____ day of _____ 2009.
(Date) (Month)

Affix
15 Paise
Revenue
Stamp

Signature _____

- Note:
1. The Proxy need not be a member of the Company.
 2. The Proxy in order to be effective must be duly signed and deposited at the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai 400 055 not less than 48 hours before the time of holding the meeting.



experience what colour can do for your home



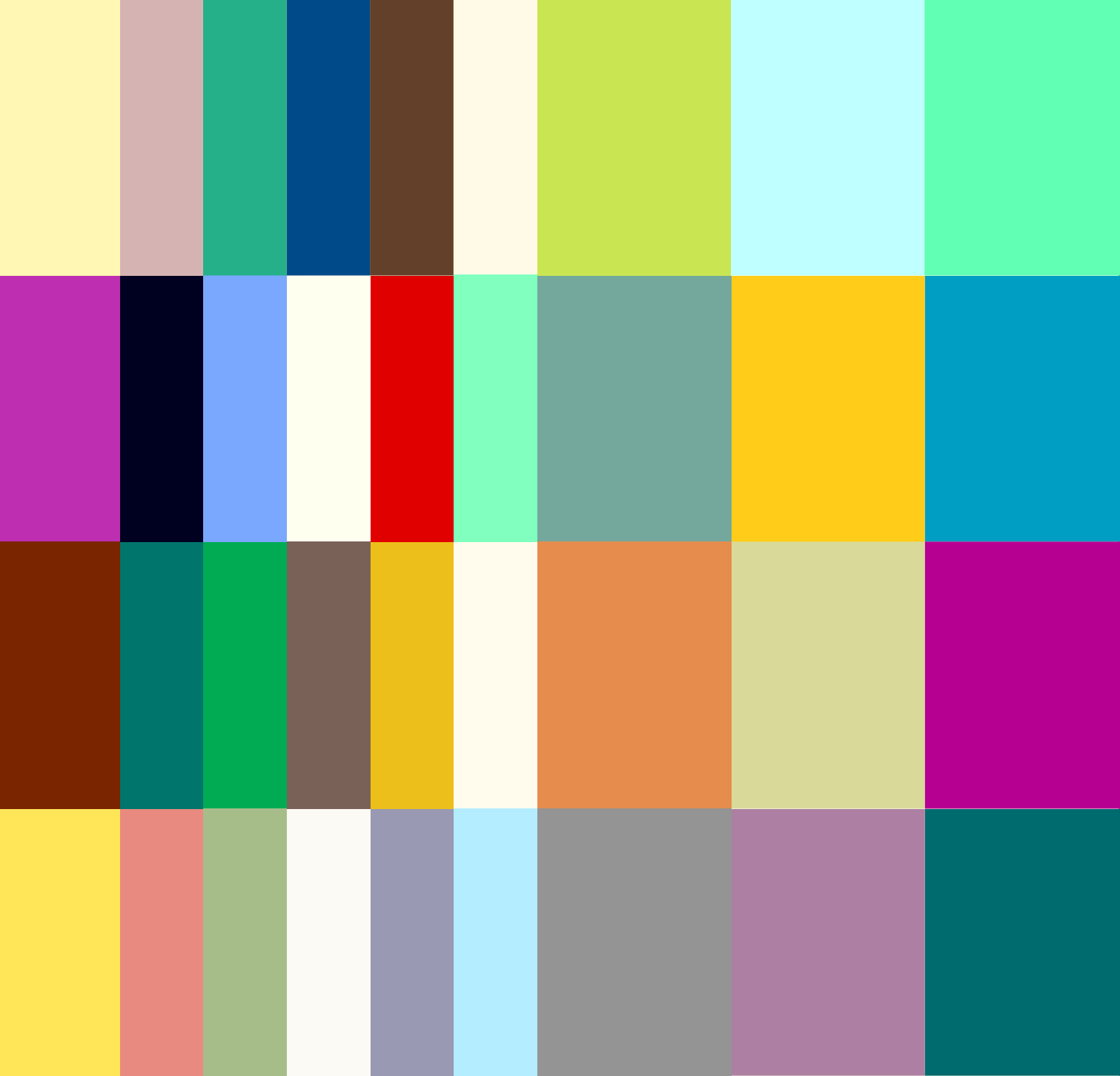
"COLOUR with Asian Paints", the Asian Paints Signature Store is an international award winning, one of its kind retail store in the world.

Located at Hill Road, Bandra West, Mumbai, this concept store is designed to give you an all encompassing experience for all senses around colour.

The store will orient you to the world of colours and inspire you with its many roomsets that bring colour to life within a lifestyle context.

The in house colour consultants will guide you through the different colour and finish options for your home and help you choose the best.

Visit 'Colour with Asian Paints' and select your colour with us.



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Asian Paints Limited, 6A, Shantinagar, Santacruz (East), Mumbai-400 055.
www.asianpaints.com

