
ASIAN PAINTS INDUSTRIAL COATINGS LIMITED

BOARD OF DIRECTORS

Abhay Vakil

R.J. Jeyamurugan

Jaideep Nandi

Tushar Shridharani

Nandini Parekh

ASSISTANT COMPANY SECRETARY

Radhika Shah

AUDITORS

M/s. B S R & Co. LLP

Chartered Accountants

REGISTERED OFFICE

6A, Shantinagar

Santacruz (East),

Mumbai 400 055

FACTORIES

Plot No. 1914, GIDC,

Phansa Road, Sarigam 396135

Dist. Valsad, Gujarat

Board's Report

Dear Members,

ASIAN PAINTS INDUSTRIAL COATINGS LIMITED

Your Directors have pleasure in presenting the Fourteenth Annual Report of your Company and the Audited financial statements for the financial year ended 31st March, 2015.

FINANCIAL PERFORMANCE

The financial performance of your Company for the year ended 31st March, 2015 is summarised below:-

(₹ in lakhs)

Particulars	2014-15	2013-14*
Revenue from Operations (Net of excise duty)	828.40	849.74
Other Income	244.48	212.82
Total Revenue	1,072.88	1,062.56
Expenses	914.77	1,076.63
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	158.11	-14.07
Less: Finance Costs	1.19	0.15
Less: Depreciation and Amortisation Expenses	133.65	142.53
Profit/ (Loss) Before Tax	23.27	-156.75
Less: Tax Expense	-14.47	15.46
Profit / (Loss) After Tax	37.74	-172.21

* previous year figures have been regrouped/rearranged wherever necessary

OVERVIEW OF THE COMPANY'S PERFORMANCE AND STATE OF AFFAIRS

Net revenue from Operations on standalone basis decreased to ₹ 828.40 lakhs as against ₹ 849.74 lakhs in the previous year and the profit after tax for the current year is ₹ 37.74 lakhs as against a loss of ₹ 172.21 lakhs in the previous year.

As informed in the last year's Annual Report, your Company has closed down the operations at its powder coatings plant at Baddi, Himachal Pradesh in November, 2013, due to significant decline in the processing volume of powder coatings for the last two years. Your Company's plant at Sarigam, Gujarat will continue its normal operations and is sufficient to cater to the future requirements.

Subsequent to the close down, your Company transferred and installed the plant and equipment of the plant at Baddi, Himachal Pradesh to its manufacturing facility at Sarigam, Gujarat.

At present, your Company is engaged in the business of processing of goods for Asian Paints PPG Private Limited and PPG Asian Paints Private Limited, joint venture companies of Asian Paints Limited, your Company's holding company.

There are no such material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

INDUSTRIAL RELATIONS

During the year under review, industrial relations at the Company's unit continued to remain cordial and peaceful.

DIRECTORS

During the financial year 2014-15, Shri Vivek Subramanian and Shri Harish Lade resigned from the directorship of your Company. The Board places on record its appreciation for their valuable contribution to your Company during their association as Directors.

The Board of Directors at their meeting held on 22nd August, 2014, appointed Shri Jaideep Nandi as a Non-executive Director of the Company to fill the causal vacancy created by the resignation of Shri Harish Lade, Non- Executive Director of the Company. In terms of Section 161 of the Companies Act, 2013, Shri Harish Lade would have held office up to the date of the ensuing Annual General Meeting and accordingly, the term of Shri Jaideep Nandi as a Director appointed in casual vacancy would expire at the ensuing Annual General Meeting. Your Directors recommend his appointment as a Director of the Company at the ensuing Annual General Meeting.

In terms of Sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, the Board of Directors of your Company appointed Shri Tushar Shridharani and Ms. Nandini Parekh as Additional/ Independent Directors of the Company to hold office for a term of up to five (5) consecutive years on the Board of Directors of your Company and are not liable to retire by rotation. Accordingly, Shri Tushar Shridharani and Ms. Nandini Parekh seek appointment as Independent Directors of your Company for a term of upto 5 (five) consecutive years ending on 31st March, 2020.

The Board of Directors at their meeting held on 31st March, 2015 subject to the approval of the shareholders at the ensuing Annual General Meeting, considered and approved the appointment of Shri M. Sivaram as the Manager of your Company for a term of one (1) year commencing from 31st March, 2015 to 30th March, 2016.

In accordance with Section 152 of the Companies Act, 2013, Shri R J Jeyamurugan retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment as a Non – Executive Director of the Company.

Appropriate resolutions for the appointment/ re-appointment of Directors are being placed before you for your approval at the ensuing Annual General Meeting. Your Directors recommend their appointment/re-appointment as Directors of your Company.

DECLARATION OF INDEPENDENCE

The Independent Directors of the Company have confirmed that they satisfy and meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the accounting policies as mentioned in Note 1 to the Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at 31st March, 2015 and profit and loss of the company as on that date;
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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;
- proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

MEETINGS OF THE BOARD:

In compliance with the Companies Act, 2013 and the Rules framed thereunder, where permitted, Directors are provided the facility to join the proceedings of the meeting through video conferencing.

During the financial year ended 31st March, 2015, nine (9) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed one hundred and twenty days.

The dates of the Board meetings are as under:

Date(s) on which meeting(s) were held	
29th April, 2014	14th October, 2014
2nd May, 2014	26th December, 2014
13th June, 2014	16th January, 2015
21st July, 2014	31st March, 2015
22nd August, 2014	

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee of the Board of Directors of the Company is as follows:

Shri Abhay Vakil (Chairman)
Shri R J Jeyamurugan
Shri Tushar Shridharani
Ms. Nandini Parekh

Mrs. Radhika Shah, Assistant Company Secretary, acts as the Secretary to the Committee.

VIGIL MECHANISM

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Audit Committee and the Board have approved and put in place appropriate vigil mechanism whereby concerns can be raised in line with the Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication.

NOMINATION AND REMUNERATION COMMITTEE

During the financial year 2014-15, in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014 your Company constituted a "Nomination and Remuneration Committee" of the Board of Directors of the Company with the following being its composition:

Shri Tushar Shridharani (Chairman)
Ms. Nandini Parekh
Shri R J Jeyamurugan

Mrs. Radhika Shah, Assistant Company Secretary, acts as the Secretary to the Committee.

EVALUATION OF BOARD EFFECTIVENESS

In terms of provisions of the Companies Act, 2013 read with Rules framed thereunder, the Board of Directors have initiated steps to put in place a structure to formally evaluate the effectiveness of the Board along with performance evaluation of each director on an annual basis.

REMUNERATION POLICY

The Company is taking steps to formulate a Nomination and Remuneration Policy.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

The details of the related party transactions are set out in Note 32 to the financial statements forming part of this Annual Report.

The Form AOC- 2 pursuant to clause (h) of sub-section 3 of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as “Annexure [1]”.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

AUDITORS

At the 13th Annual General Meeting of your Company, M/s. Shah & Co., Chartered Accountants (Firm Registration No. 109430W) was appointed as the Statutory Auditor to hold office till the conclusion of the 14th Annual General Meeting.

During the year, your Company had received a letter from Mr. Ashish Shah, Partner, M/s. Manubhai & Shah, Chartered Accountants (Formerly Partner of M/s. Shah & Co., Chartered Accountants) informing that M/s. Shah & Co., Chartered Accountants, had merged with M/s. Manubhai & Shah, Chartered Accountants, with effect from 1st December, 2014. The letter also stated that on account of the aforesaid merger, M/s. Shah & Co., Chartered Accountants, had ceased to exist as an entity under the regulations of the Institute of Chartered Accountants of India.

The Board of Directors at its meeting held on 26th December, 2014, on the recommendations of the Audit Committee, in accordance with the provisions of Section 139 (8) of the Companies Act, 2013, appointed M/s. B S R & Co., LLP, Chartered Accountants, (Firm Registration No. 101248W/ W-100022) as the Statutory Auditors of the Company, to fill the causal vacancy created due to the cessation in existence of M/s. Shah & Co., Chartered Accountants, Statutory Auditors of your Company.

The Board places on record its appreciation for the significant contribution of M/s. Shah & Co., Chartered Accountants during their tenure as the Statutory Auditors of the Company.

M/s. B S R & Co., LLP, Chartered Accountants, who retire at the ensuing Annual General Meeting of your Company are eligible for re-appointment. Your Company has received written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules issued thereunder.

The Audit Committee and the Board of Directors recommends the appointment of M/s. B S R & Co., LLP, Chartered Accountants, as the Auditors of your Company to hold office from the conclusion of the 14th AGM till the conclusion of the 19th AGM of the Company (subject to ratification by the members at every AGM).

PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of The Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

As required under Section 134(3)(m) of the Companies Act, 2013, read with The Companies (Accounts) Rules, 2014, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are mentioned herein below:

CONSERVATION OF ENERGY

A) Steps taken or impact on conservation of energy:

The manufacturing units continue their efforts to reduce the specific energy consumption. Apart from regular practices and measures for energy conservation, many new initiatives were driven across units. Further your Company has redesigned parts of grinding mills to improve throughput leading to energy conservation.

B) Steps taken by the company for utilising alternate sources of energy;

Your Company has been exploring possibilities of usage of solar panels for street lighting within its manufacturing facility situated at Sarigam.

c) Capital investment on energy conservation equipment;

Your Company has not made any capital investment on energy conservation equipment.

TECHNOLOGY ABSORPTION

A) efforts made towards technology absorption:

The Research and Technology Function (R&T) of your Company is carrying out various activities to fulfil short term and long term business goals of your Company which include energy savings and development of durable products.

B) Benefits derived as a result of the above efforts:

- Development of new specialty products for profitable opportunities
- Significant cost reduction achieved as a result of use of cost effective local and imported raw materials have helped maintain cost competitiveness
- Your Company has retained its recognition from DSIR in respect of the Research facilities.

C) Your Company has not imported any technology and has not entered into any technology transfer agreement.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There are no earnings in foreign currency. Outflow of foreign currencies during the financial year was Rs. 29.44 lakhs (equivalent value of various currencies).

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013, read together with the Companies (Acceptance of Deposit) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RISK MANAGEMENT

The Audit Committee and the Board have put in place appropriate framework and mechanism to review the risks for the Company including the operational and business risks. The Board reviews the risk mitigation plans from time to time.

There are no risks which threaten the existence of your Company.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2015 was ₹ 30.45 crores. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT- 9 is annexed herewith as “Annexure – [2]”.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation on the contribution and support by the employees, bankers, vendors, customers and other stakeholders of your Company.

For and on behalf of the Board

Date: 16th May, 2015
Place: Mumbai

ABHAY VAKIL
Chairman

Annexure [1] to Board's Report

FORM AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed	
(i)	Amount paid as advances, if any:	
(j)	Date on which (a) the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

For and on behalf of the Board

Abhay Vakil
Chairman

Place: Mumbai
Date: 16th May, 2015

Annexure [2] To Board's Report

Extract of Annual Return

Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	U24220MH2001PLC133523		
ii) Registration Date	01 Date	10 Month	2001 Year
iii) Name of the Company	Asian Paints Industrial Coatings Limited		
iv) Category of the Company: - [Pl. tick]			
1 Public Company	√		
2 Private company			
Sub Category of the Company:- [Please tick whichever are applicable]			
1 Government Company			
2 Small Company			
3 One Person Company			
4 Subsidiary of Foreign Company			
5 NBFC			
6 Guarantee Company			
7 Limited by shares			
8 Unlimited Company			
9 Company having share capital	√		
10 Company not having share capital			
11 Company Registered under Section 8			
v) Address of the Registered Office and Contact Details:			
Company Name	Asian Paints Industrial Coatings Limited		
Address	6A, Shantinagar, Santacruz – (East), Mumbai – 400 055		
Town / City	Mumbai		
State	Maharashtra		
Pin Code	400 055		
Country Name	India		
Country Code	IND		
Telephone with STD Area Code Number	+91 22 3981 8000		
Fax Number	+91 22 3981 8805		
Email Address	saloni.fadnis@asianpaints.com		
Website, if any	-		
Name of the Police Station having jurisdiction where the registered office is situated	Vakola Police Station		
vi) Whether shares listed on recognized Stock Exchange(s)	No		
vii) Name and Address of Registrar & Transfer Agents (RTA)	NA		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Paints, Varnishes, Enamels or Lacquers	20221	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

[No. of Companies for which information is being filled] - 1

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Asian Paints Limited 6A, Shantinagar, Santacruz (East), Mumbai – 400 055.	L24220MH1945PLC004598	Holding	100.00%	2(46)

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) **Category-wise Share Holding**

[illegible]

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dem-at	Physical	Total	% of Total Shares	Dem-at	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	3,04,50,000	3,04,50,000	100%	-	3,04,50,000	3,04,50,000	100%	-

B. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Asian Paints Limited	3,04,50,000	100%	-	3,04,50,000	100%	-	-
	Total	3,04,50,000	100%	-	3,04,50,000	100%	-	-

C. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	3,04,50,000	100%	3,04,50,000	100%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the End of the year	3,04,50,000	100%	3,04,50,000	100%

D. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Your Company has no shareholders other than its Promoters and Directors.

E. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
1	Shri Abhay Vakil - Chairman				
	At the beginning of the year	1 share jointly with Asian Paints Limited	0.00	1 share jointly with Asian Paints Limited	0.00
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
	At the End of the year	1 share jointly with Asian Paints Limited	0.00	1 share jointly with Asian Paints Limited	0.00
2	Shri R J Jeyamurugan- Director	NA			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				
3	Shri Jaideep Nandi - Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	1 share jointly with Asian Paints Limited	0.00	1 share jointly with Asian Paints Limited	0.00
4	Shri Tushar Shridharani - Directo	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				
5	Ms Nandini Parekh - Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6	Shri M. Sivaram – Key Managerial Personnel	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				
4	Mrs Radhika Shah – Key Managerial Personnel				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Your Company does not have any secured and/or unsecured loans as on 31st March, 2015.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Your Company has not paid remuneration to its Manager during the financial year ended 31st March, 2015.

B. Remuneration to other directors:

(₹ In lakhs)

Sr. no.	Particulars of Remuneration	Name of Directors	Total	
		Tushar Shridharani	Nandini Parekh	
1.	Independent Directors	0.10	0.10	0.20
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (1)	0.10	0.10	0.20
2.	Other Non-Executive Directors	NIL	NIL	NIL
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (2)	NIL	NIL	
	Total (B)=(1+2)	0.10	0.10	0.20
	Total Managerial Remuneration	NIL	NIL	NIL
	Overall Ceiling as per the Act			23.47

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTM:

Your Company has not paid remuneration to its Key Managerial Personnel as on 31st March, 2015.

VII. 'PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (under the Companies Act, 2013):

No penalties/punishment/compounding of offences were levied under Companies Act, 2013.

Independent Auditors' Report

To the Members of Asian Paints Industrial Coatings Limited Report on the financial statements

We have audited the accompanying financial statements of Asian Paints Industrial Coatings Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are - free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (II) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

As required by Section 143(3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by Report are in agreement with the books of account.
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) on the basis of written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial positions in its financial statements. Refer note 08 and 23 to the financial statements.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and have been dealt with in the books of account.
- (iii) Accordingly to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to information and explanation 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 services. The Company's activities does not involve sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 (l) of the Act.
- (vii) (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 I accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Sales tax I Value added tax, Service tax, Custom duty and other material statutory dues have been regularly deposited during the year with the appropriate authorities by the Company. As explained to us, the Company did not have any dues on account of Employees' state insurance, Wealth tax, Excise duty and Cess.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registratim N"o

Bhavesh Dhupelia
Partner

Mumbai
16 May 2015

Membership No: 042070

Annexure to the Independent Auditor's Report- 31 March 2015

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 three 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 upon such verification.
- (ii) (a) The Inventory has been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (b) According to the information and explanations given to us, there are no dues of Provident Fund, Service tax and Custom duty which have not been deposited with the appropriate authorities on account of dispute other than those mentioned below:

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax I Value added tax, Service tax, Custom duty and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

Name of the statute	Nature of the dues	Amount (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales tax	Assessment dues	132.00	52.80	F.Y. 2003-04 and F.Y. 2004-05	Assessing Authority
		204.03	77.25	F.Y. 2004-05 to F.Y. 2006-07	First Appellate
		28.63	15.55	F.Y. 2003-04 and F.Y. 2009-10	Tribunal
	TOTAL (A)	364.66	145.60		
Income tax	Assessment dues	74.94		A.Y. 2009-10 to A.Y. 2012-13	First Appellate / Remanded to Assessing Authority
	TOTAL (B)	74.94			
	TOTAL (A)+(B)	439.60	145.60		

- (c) According to the information and explanations given to us, there are no dues of Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956.
- (viii) 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 but had cash losses in the immediately preceding financial year.
- (ix) The Company did not have any dues to any financial institutions, banks or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
16 May 2015

Balance Sheet

As at 31st March, 2015

		(₹ in Lakhs)	
	Notes	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	3,045.00	3,045.00
Reserves and Surplus	3	951.73	913.99
		3,996.73	3,958.99
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	4	99.30	113.77
Long-term provisions	5	40.69	37.75
		139.99	151.52
Current Liabilities			
Trade Payables	6	0.39	29.35
Other Current Liabilities	7	104.47	126.73
Short-term provisions	8	103.00	115.91
		207.86	271.99
TOTAL		4,344.58	4,382.50
ASSETS			
Non-current Assets			
Fixed assets			
Tangible Assets	9 A	559.05	1,026.89
Intangible Assets	9 B	-	-
Capital work-in-progress		-	0.12
		559.05	1,027.01
Long-term loans and advances	10	336.68	316.30
Other non-current assets	11	108.48	97.82
Current Assets			
Current Investment	12	2,635.69	2,555.27
Inventories	13	48.07	57.74
Trade Receivables	14	41.26	50.39
Cash and Bank balances	15	216.41	209.60
Short term loans and advances	16	40.41	52.72
Other Current Assets	17	358.53	15.65
		3,340.37	2,941.37
TOTAL		4,344.58	4,382.50
Significant Accounting Policies			
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Bhavesh Dhupelia
Partner
Membership No: 042070

Abhay Vakil
Director
DIN:00009151

Jaideep Nandi
Director
DIN: 06938480

R J Jeyamurugan
Director
DIN:00010124

Radhika Shah
Asst. Company Secretary

Mumbai
Date: 16 May 2015

Mumbai
Date: 18 May 2015

Statement of Profit and Loss

For the year ended 31st March 2015

		(₹ in Lakhs)	
	Notes	2014-15	2013-14
INCOME			
Revenue from Operations	18	828.40	849.74
Other Income	19	244.48	212.82
TOTAL REVENUE (I)		1,072.88	1,062.56
EXPENSES			
Employee Benefits Expense	20	377.48	473.48
Other Expenses	21	537.29	603.15
TOTAL (II)		914.77	1,076.63
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		158.11	(14.07)
Finance Costs	22	1.19	0.15
Depreciation and Amortisation Expenses	9	133.65	142.53
PROFIT/(LOSS) BEFORE TAX		23.27	(156.75)
Less: Tax Expense			
Current Tax		-	-
Deferred Tax	4	(14.47)	(5.28)
Short tax provision for earlier years		-	20.74
PROFIT/ (LOSS) AFTER TAX		37.74	(172.21)
Earnings per share (₹) (Basic / Diluted) (Face value of ₹10 each)	36	0.12	(0.57)
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
Date: 16 May 2015

For and on behalf of the Board
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Abhay Vakil
Director
DIN:00009151

R J Jeyamurugan
Director
DIN:00010124

Jaideep Nandi
Director
DIN: 06938480

Radhika Shah
Asst. Company Secretary

Mumbai
Date: 18 May 2015

Cash Flow Statement

For the year ended 31st March 2015

	(₹ in Lakhs)	
	2014-15	2013-14
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (loss) before tax	23.27	(156.75)
Adjustments for:		
Depreciation and impairment	133.65	142.53
Finance costs	1.19	0.15
Unrealized foreign exchange loss / (gain)	(8.39)	4.46
(Profit) / Loss on sale of fixed assets (Net)	(6.14)	(1.00)
Interest Income	(19.26)	(25.16)
Dividend Income	(155.62)	(148.65)
Profit on sale of short term investment	(4.80)	(3.08)
Sundry balances written back	(50.29)	(15.60)
Provision for Trade Receivables	1.91	(1.15)
Sundry balances written off	16.50	-
Operating Profit before working capital changes	(67.98)	(204.25)
Adjustment for:		
Inventories	9.66	(6.41)
Trade receivables	7.22	768.11
Loans & advances and other assets	11.74	(13.34)
Trade & Other Payables	(15.13)	66.96
Cash generated from operations	(54.49)	611.07
Income tax paid	(20.03)	(18.01)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	(74.52)	593.06
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21.71)	(23.67)
Sale of fixed assets	8.95	3.11
Term Deposits matured during the year	(16.58)	(15.00)
Dividend on mutual fund units	155.62	148.65
Interest on term & sundry deposits	21.87	25.16
Profit on sale of short term investment	4.80	3.08
NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	152.95	141.33
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs paid	(1.19)	(0.15)
NET CASH USED IN FINANCING ACTIVITIES (C)	(1.19)	(0.15)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	77.24	734.24
Add: Cash and cash equivalents at the beginning of the year	2,636.01	1,901.77
Cash and cash equivalents at the end of the year	2,713.25	2,636.01

Notes:-

A) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 (AS 3) on Cash Flow Statement prescribed in Companies (Accounting Standard) Rules, 2006

Cash Flow Statement

For the year ended 31st March 2015

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
B) Components of cash and cash equivalents		
(a) Cash on Hand	0.16	0.37
(b) Balances with Banks :		
(i) Current Accounts	46.36	13.25
(ii) Cash Credit Accounts	31.04	67.12
Cash and Cash Equivalents (Refer Note 15)	77.56	80.74
Add : Investment in Liquid Mutual Funds (Refer Note 12)	2,635.69	2,555.27
Cash & Cash Equivalents in Cash Flow Statement	2,713.25	2,636.01

C) Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
Date: 16 May 2015

For and on behalf of the Board
Asian Paints Industrial Coatings Limited
CIN: U24220MH2001PLC133523

Abhay Vakil
Director
DIN:00009151

R J Jeyamurugan
Director
DIN:00010124

Jaideep Nandi
Director
DIN: 06938480

Radhika Shah
Asst. Company Secretary

Mumbai
Date: 18 May 2015

Notes to the Financial Statements

As at 31st March, 2015

COMPANY INFORMATION

Asian Paints Industrial Coatings limited (the 'Company') was incorporated under the Companies Act, 1956. The Company has a manufacturing plant at Sarigam, Gujarat and primarily engaged in toll manufacturing of powder coatings for some of its group companies.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation of financial statement

(i) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 1956, to the extent applicable.

(ii) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP 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 and reported amounts of income and expenses during the period.

(iii) Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

- i. it is expected to be realized or settled or is intended for sale or consumption in the company's normal operating cycle;
- ii. it is expected to be realized or settled within twelve months from the reporting date;
- iii. in the case of an asset,
 - it is held primarily for the purpose of being traded; or
 - it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date
- iv. in the case of a liability, the company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current / non-current classification of assets and liabilities, the company has ascertained its normal operating cycle as 12 months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

(B) Fixed Assets

1.1. Tangible and Intangible Assets

(a) Tangible Fixed Assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation/accumulated impairment. The cost of fixed assets comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant tangible asset heads. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

As at 31st March, 2015

Tangible Fixed assets held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately under 'Other Current Assets'. Any expected loss is recognized immediately in the Statement of Profit and Loss.

(b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

(c) Capital Work in Progress & Capital Advances

Cost of Assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans and Advances.

(d) Depreciation and Amortisation:

Depreciation on tangible fixed assets is provided using the Straight Line Method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of Tangible Assets:

	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment	10-20
Furniture and Fixtures	8
Office Equipment and Vehicles	5
Information Technology Hardware	4
Scientific research equipment	8

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

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Purchase cost, user license 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. Goodwill is amortised over a period of ten years.

(e) Impairment

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 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 Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed 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.

Notes to the Financial Statements

As at 31st March, 2015

(C) Revenue Recognition

Revenue from services is recognized as per the completed service contract method.

Processing income is recognised on accrual basis as per the contractual arrangements.

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

Interest income is recognised on time proportion basis.

(D) Inventory

- (i) Stores & Spares, Components 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 valued at net realizable value.
- (ii) In determining cost of Stores & Spares, Components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

(E) Investments

Investments are classified into current and long-term investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investments. However, that part of long term investments which are expected to be realized within twelve months from Balance Sheet date is also presented under "Current Assets" under "Current portion of long term investments" in consonance with the current / non-current classification.

Current investments are stated at the lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Long term investments are stated at cost. A 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.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(F) Transactions in Foreign Currency

(i) Initial recognition :

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss.

(ii) Measurement of foreign currency items at the Balance Sheet date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

(iii) Forward exchange contracts:

The Company enters into 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 premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

Notes to the Financial Statements

As at 31st March, 2015

(G) Trade receivables

Trade receivables 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 Other Current Liabilities.

(H) 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 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.

(ii) 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. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.

b) Defined Benefit plans:

Gratuity Scheme

Gratuity expense, a defined benefit scheme, is recognised based on contributions to the 'Asian Paints Industrial Coatings Limited Employee Group Gratuity Assurance Scheme' which in turn has taken a 'Group-Gratuity-cum-Life Assurance' policy from Life Insurance Corporation (LIC) of India. Besides the contribution made on the basis of LIC's demand which specifies the contribution to be made on an annual basis, the difference between liability determined on the basis of actuarial valuation done at the year end by an independent actuary and balance available with LIC has also been accrued.

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 represent the present value of the defined benefit obligations 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.

The company presents the above liabilities as current and non-current in the balance sheet as per actuarial valuations; however, the entire liability towards gratuity is considered as current as the company will contribute this amount to the gratuity fund within the next 12 months.

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.

The Company presents this liability as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

Notes to the Financial Statements

As at 31st March, 2015

(I) Cash and Cash Equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

(J) Research and Development

Research and Development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred.

Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

(K) 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) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

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 realization.

(L) 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.

(M) Earnings Per Share

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

(N) Measurement of EBITDA

The company has elected to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The company measures EBITDA on the basis of profit/(loss) from continuing operations.

Notes to the Financial Statements

As at 31st March, 2015

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
NOTE 2 : SHARE CAPITAL		
Authorised		
33,000,000 (Previous year 33,000,000) Equity Shares of ₹10/- each	3,300.00	3,300.00
	3,300.00	3,300.00
Issued, Subscribed and Paid up capital		
30,450,000 (Previous year 30,450,000) Equity Shares of ₹10/- each fully paid	3,045.00	3,045.00
	3,045.00	3,045.00

a) Reconciliation of the number of share outstanding at the beginning and at the end of the year

	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
At the beginning of the year	30,450,000	3,045.00	30,450,000	3,045.00
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	30,450,000	3,045.00	30,450,000	3,045.00

b) Details of Shareholders Holding more than 5% equity shares in the company #

Name of Share holder	31.03.2015		31.03.2014	
	No. of Equity Shares	Percentage Holding	No. of Equity Shares	Percentage Holding
Equity Shares of ₹ 10 each				
Asian Paints Limited (Holding Company) and its nominees	30,450,000	100%	30,450,000	100%

As per the records of the company, including its register of members

c) Terms/rights attached to shares

The company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

As per the Companies Act 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
NOTE 3 : RESERVES AND SURPLUS		
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	913.99	1,086.20
Add: Profit/(Loss) after tax transferred from Statement of Profit and Loss	37.74	(172.21)
Closing Balance	951.73	913.99
NOTE 4 : DEFERRED TAX LIABILITIES(NET)		
Deferred Tax Liabilities		
Difference between Written down value of Fixed assets as per the books of accounts and Income Tax Act, 1961	98.48	110.59
Expense claimed for tax purpose on payment basis	46.41	46.41
Total Deferred Tax liabilities (A)	144.89	157.00
Deferred Tax Assets		
Provision for expense allowed for tax purpose on payment basis	38.51	36.15
Provision for doubtful trade receivable	7.08	7.08
Total Deferred Tax Assets (B)	45.59	43.23
NET DEFERRED TAX LIABILITIES (A)-(B)	99.30	113.77
NET DEFERRED TAX EXPENSE / (BENEFIT) FOR THE YEAR	(14.47)	(5.28)

Notes to the Financial Statements

As at 31st March, 2015

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
NOTE 5 : LONG-TERM PROVISIONS		
Provision for employee benefits		
Provision for Compensated absences (Refer Note 32)	40.69	37.75
	40.69	37.75
NOTE 6 : TRADE PAYABLES		
Trade Payables	0.39	29.35
(Refer Note 33 for details of dues to Micro, Small and Medium Enterprises)		
	0.39	29.35
NOTE 7 : OTHER CURRENT LIABILITIES		
Payable towards Capital Expenditure	6.94	10.82
Payable towards Services	21.82	21.05
Payable to Employees	29.48	45.94
Statutory Payables		
Payable towards Provident Fund and Profession tax	2.40	1.43
Payable towards TDS	2.59	2.57
Provision for expenses	30.03	33.30
Deposits - Others	1.00	1.00
Payable towards Stores spares and Consumables	10.21	10.62
	104.47	126.73
NOTE 8 : SHORT-TERM PROVISIONS		
Provision for employee benefits (Refer Note 32)		
Provision for Compensated Absences	6.94	5.35
Provision for Gratuity	65.83	62.48
Provision for Income Tax (Net)	18.24	18.24
Provisions for Central Sales Tax /VAT (Refer Note 30)	11.99	29.84
	103.00	115.91

Notes to the Financial Statements

As at 31st March, 2015

NOTE 9 : FIXED ASSETS

	GROSS BLOCK			DEPRECIATION/AMORTISATION			IMPAIRMENT			(₹ in Lakhs)
	As at 01.04.13	Additions during the year	Deductions / Adjustments	As at 01.04.13	Additions during the year	Deductions / Adjustments	As at 01.04.13	Additions during the year	Deductions / Adjustments	As at 31.03.14
A. Tangible Assets:										
Freehold Land	49.11	-	-	-	-	-	-	-	-	49.11
Leasehold Land	12.85	-	-	1.68	0.15	-	-	-	-	11.02
Buildings	742.25	-	-	148.30	24.45	-	-	-	-	569.50
Plant and Equipment	1,191.41	22.92	1.64	755.01	94.85	1.04	23.30	6.58	0.01	334.00
Furniture and Fixtures	18.54	0.21	2.99	15.76	1.11	1.45	0.12	-	0.07	6.09
Vehicles	0.18	-	-	0.14	-	-	0.04	-	-	-
Office Equipment	11.27	1.09	0.25	12.11	1.24	0.16	0.54	0.63	0.07	5.19
Scientific Research:										
Buildings	8.72	-	-	2.33	0.29	-	-	-	-	6.10
Equipment	127.28	0.27	-	65.43	13.23	-	3.01	-	-	45.88
TOTAL TANGIBLE ASSETS	2,161.61	24.49	4.88	987.59	135.32	2.65	27.01	7.21	0.15	1,026.89
B. Intangible Assets:										
Non Complete and Selling Rights	270.00	-	-	270.00	-	-	-	-	-	-
Licenses	23.78	-	-	23.78	-	-	-	-	-	-
Goodwill	3.93	-	-	3.93	-	-	-	-	-	-
TOTAL INTANGIBLE ASSETS	297.71	-	-	297.71	-	-	-	-	-	-
TOTAL (A + B)	2,459.32	24.49	4.88	1,285.30	135.32	2.65	27.01	7.21	0.15	1,026.89

NOTE 9 : FIXED ASSETS

	GROSS BLOCK			DEPRECIATION/AMORTISATION			IMPAIRMENT			(₹ in Lakhs)
	As at 01.04.14	Additions during the year	Deductions / Adjustments ##	As at 01.04.14	Additions during the year	Deductions / Adjustments ##	As at 01.04.14	Additions during the year	Deductions / Adjustments ##	As at 31.03.15
A. Tangible Assets:										
Freehold Land	49.11	-	49.11	-	-	-	-	-	-	-
Leasehold Land	12.85	-	-	1.83	0.15	-	-	-	-	10.87
Buildings	742.25	-	348.74	172.75	25.13	91.57	106.31	-	-	287.20
Plant and Equipment	1,212.69	14.44	188.30	848.82	78.66	138.87	29.87	-	4.02	224.37
Furniture and Fixtures	15.76	2.22	4.19	9.62	4.23	4.10	0.05	-	-	3.99
Vehicles	0.18	-	-	0.14	-	-	0.04	-	-	-
Office Equipment	12.11	-	1.08	5.82	2.92	1.02	1.10	-	0.06	2.27
Scientific Research:										
Buildings	8.72	-	-	2.62	0.29	-	-	-	-	5.81
Equipment	127.55	0.92	-	78.66	22.27	0.01	3.01	-	-	24.54
TOTAL TANGIBLE ASSETS	2,181.22	17.58	591.42	1,120.26	133.65	235.57	34.07	-	4.08	559.05
B. Intangible Assets:										
Non Complete and Selling Rights	270.00	-	-	270.00	-	-	-	-	-	-
Licenses	23.78	-	-	23.78	-	-	-	-	-	-
Goodwill	3.93	-	-	3.93	-	-	-	-	-	-
TOTAL INTANGIBLE ASSETS	297.71	-	-	297.71	-	-	-	-	-	-
TOTAL (A + B)	2,478.93	17.58	591.42	1,417.97	133.65	235.57	34.07	-	4.08	559.05

Includes Tangible Assets held for disposal as below:

Freehold Land - Gross Block ₹ 49.11 lacs, Accumulated Depreciation ₹ Nil, Accumulated Impairment ₹ Nil and Net block ₹ 49.11 lacs.
 Building - Gross Block ₹ 348.74 lacs, Accumulated Depreciation ₹ 91.57 lacs, Accumulated Impairment ₹ Nil and Net block ₹ 257.17 lacs.
 Plant and Equipment - Gross Block ₹ 135.92 lacs, Accumulated Depreciation ₹ 89.58 lacs, Accumulated Impairment ₹ 3.76 lacs and Net block ₹ 42.58 lacs.
 Furniture and Fixtures - Gross Block ₹ 4.19 lacs, Accumulated Depreciation ₹ 4.10 lacs, Accumulated Impairment ₹ Nil and Net block ₹ 0.09 lacs.
 Office Equipment - Gross Block ₹ 1.28 lacs, Accumulated Depreciation ₹ 1.09 lacs, Accumulated Impairment ₹ 0.17 lacs and Net block ₹ 0.02 lacs.

Notes to the Financial Statements

As at 31st March, 2015

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
NOTE 10 : LONG-TERM LOANS AND ADVANCES		
Unsecured and considered good		
(a) Capital Advances	0.62	0.26
(b) Sundry Deposits	29.06	29.06
(c) Other Loans and advances		
Balances with Government authorities	150.19	150.19
Advance payment of taxes	156.81	136.79
	336.68	316.30
NOTE 11 : OTHER NON-CURRENT ASSETS		
Other Bank Balances		
a) Term Deposits held as margin money against bank guarantee and other commitments	104.34	97.75
Interest Accrued on Term Deposits	4.14	0.07
	108.48	97.82
NOTE 12 : CURRENT INVESTMENT		
Quoted		
Investments in Liquid Mutual Funds		
	31.03.2015	31.03.2014
	Number	Number
	(₹ in Lakhs)	(₹ in Lakhs)
Kotak Floater Short Term - Growth	6,048.08	6,199.00
Kotak Liquid Scheme Plan A - Growth	3,833.32	3,929.00
UTI Money Market Fund Institutional Plans - Growth	48,093.83	152,869.00
LIC Nomura Mutual Fund Liquid Fund - Growth	2,217.06	5,936.00
UTI Treasury Advantage Fund - Institutional Plan - Growth	83,386.53	-
Total	2,635.69	2,555.27
Aggregate market value of quoted current investments	2,638.19	2,565.33
NOTE 13 : INVENTORIES		
(At cost)		
Stores, spares and consumables	48.07	57.74
	48.07	57.74
NOTE 14 : TRADE RECEIVABLES		
Unsecured		
(a) Overdue for more than six months		
Considered good	-	-
Considered doubtful	68.15	66.24
	68.15	66.24
(b) Others		
Considered good	41.26	50.39
Considered doubtful	-	-
	41.26	50.39
	109.41	116.63
Less : Provision for doubtful trade receivables	(68.15)	(66.24)
	41.26	50.39

Notes to the Financial Statements

As at 31st March, 2015

	(₹ in Lakhs)	
	As at 31.03.2015	As at 31.03.2014
NOTE 15 : CASH AND BANK BALANCES		
Cash and Cash Equivalents		
(a) Cash on Hand	0.16	0.37
(b) Balances with Banks :		
(i) Current Accounts	46.36	13.25
(ii) Cash Credit Accounts	31.04	67.12
	77.40	80.37
Other Bank Balances		
(a) Term Deposits	138.85	128.86
	216.41	209.60
NOTE 16 : SHORT TERM LOANS AND ADVANCES		
Unsecured and considered good		
(a) Balances with Customs, Central Excise etc.	5.02	0.76
(b) Advances/claims recoverable in cash or in kind	25.56	41.13
(c) Prepaid Expenses	6.05	5.54
(d) Advances to employees	3.00	3.43
(e) Service tax credit receivable	0.78	1.86
	40.41	52.72
NOTE 17: OTHER CURRENT ASSETS		
Interest accrued on Term Deposits	7.72	14.41
Refund receivable - Central Sales Tax/Wealth Tax	1.84	1.24
Assets held for Sale	348.97	-
(Refer Note 9 and Note 35)		
	358.53	15.65

Notes to the Financial Statements

For the year ended March 31, 2015

	(₹ in Lakhs)	
	2014-15	2013-14
NOTE 18 : REVENUE FROM OPERATIONS		
Revenue from Services		
Processing Income	822.98	842.30
Other Operating Revenues		
Distribution Charges Recovered	0.80	7.44
Scrap sales	4.62	-
	828.40	849.74
NOTE 19 : OTHER INCOME		
Interest		
- On Term Deposits	19.26	25.16
Dividend received from liquid mutual funds	155.62	148.65
Profit on sale of short term investments (Net)	4.80	3.08
Profit on sale of fixed assets (Net)	6.14	1.00
Net Gain on foreign currency transaction	8.37	-
Other non-operating income	50.29	34.93
	244.48	212.82
NOTE 20 : EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	331.82	397.90
Contribution to Provident and other Funds (Refer Note 32)	28.68	64.54
Staff welfare expenses	16.98	11.04
	377.48	473.48
NOTE 21: OTHER EXPENSES		
Consumption of stores and spare parts	116.94	75.06
Power and fuel	195.32	166.90
Freight and Distribution Charges	9.92	9.94
Repairs and Maintenance:		
Buildings	23.08	5.71
Machinery	24.11	15.00
Others	7.47	10.59
Rent	4.02	6.12
Rates and taxes	6.19	40.44
Water Charges	3.70	2.05
Insurance	12.59	10.83
Printing, stationery and communication expenses	6.34	6.60
Travelling expenses	11.82	14.58
Payment to Auditors (Refer Note 24)	3.67	3.32
Bank Charges	1.93	0.08
Net loss on foreign currency transactions and translations	-	4.46
Legal and professional expenses	10.81	25.89
Training and recruitment	1.63	0.56

Notes to the Financial Statements

For the year ended March 31, 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 21: OTHER EXPENSES (Contd.)		
Provision for doubtful trade receivables	1.91	(1.15)
Loss on sale of fixed assets	-	1.52
Factory Laboratory Expenses	6.41	5.64
Machinery Cleaning Expenses	39.90	24.22
Safety and Security expenses	29.68	22.05
Directors' Sitting Fees	0.20	-
Sundry balances written off	16.61	-
Indemnification Expense	-	144.57
Miscellaneous expenses	3.04	8.17
	537.29	603.15
NOTE 22 : FINANCE COSTS		
Interest on Sales Tax	1.19	0.15
	1.19	0.15

NOTE 23: CONTINGENT LIABILITIES AND COMMITMENTS:

Contingent Liabilities:	As at 31.03.2015	As at 31.03.2014
Claims against the Company not acknowledged as debts	439.60	440.57
(i) Tax Matters in dispute under appeal		
Total	439.60	440.57

Commitments:	As at 31.03.2015	As at 31.03.2014
Letters of Credit and Bank Guarantees issued by bankers	102.10	132.10
Total	102.10	132.10

NOTE 24: PAYMENT TO AUDITORS (Excluding Service Tax):

	2014-15	2013-14
Statutory audit fee	2.00	2.00
Tax audit fee	1.50	1.00
Certification fees	-	0.30
For reimbursement of expenses	0.17	0.02
Total	3.67	3.32*

* Previous year fees was paid to a firm of Chartered Accountants other than BSR & Co. LLP.

NOTE 25: CIF VALUE OF IMPORTS:

	2014-15	2013-14
Stores and Spares	15.62	0.18
Capital Goods	6.28	-
Total	21.90	0.18

Notes to the Financial Statements

For the year ended March 31, 2015

NOTE 26: VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS AND SPARES CONSUMED AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION:

	2014-15		2013-14	
	Amount	% to total	Amount	% to total
a. Stores and Spares :				
Imported	16.97	14.51	0.04	0.05
Indigenous	99.97	85.49	75.02	99.95
TOTAL	116.94	100.00	75.06	100.00

NOTE 27: EXPENDITURE IN FOREIGN CURRENCY:

	2014-15	2013-14
Financial Charges	-	0.01
Factory laboratory expenses	-	0.70
TOTAL	-	0.71

NOTE 28: THE COMPANY HAS INCURRED FOLLOWING EXPENDITURE ON RESEARCH AND DEVELOPMENT:

Particulars	2014-15	2013-14
a. Revenue Expenditure		
Employee cost	86.80	81.25
Materials Consumed	14.50	2.19
Repairs and Maintenance	0.94	0.69
Testing and Laboratory expenditure	2.20	2.41
Travelling Expenditure	3.24	3.39
Depreciation	22.56	13.53
Others	4.51	5.14
Total	134.75	108.60
b. Capital Expenditure	0.92	0.27
Total (a + b)	135.67	108.87

NOTE 29: There were no forward exchange contracts outstanding as at 31st March 2015. Details of foreign currency exposure not hedged are as under.

Currency	Payable (In FC)		Receivable (In FC)		Payable (₹ in Lakhs)		Receivable (₹ in Lakhs)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
EUR	-	6,563	3,449	-	-	5.40	2.32	-
USD	-	9,935	35,046	-	-	8.18	21.90	-
GBP	229	832	-	-	0.21	0.68	-	-
Total	-	-	-	-	0.21	14.26	24.22	-

NOTE 30 : 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, 2015 is as follows:

	Provision for Sales tax *	
	2014-2015	2013-2014
Opening Balance	29.84	-
Additions	-	29.84
Utilizations	-	-
Reversals	(17.85)	-
Closing Balance	11.99	29.84

* Sales tax provisions made towards non receipt of C Forms and towards matters disputed at various appellate levels.

NOTE 31:

The company is presently taking the secretarial service from the Holding Company. Currently an employee of the Holding Company has been appointed as Asst. Company Secretary of Asian Paints Industrial Coatings Limited. However, going forward in accordance with the requirement of Section 203 of Companies Act, 2013 the company is in the process of appointing a Company Secretary in Whole-Time Employment.

NOTE 32: EMPLOYEE BENEFITS**(A) Short term employee benefits**

The liability towards short term employee benefits for the year ended March 31, 2015 has been recognised in the Statement of Profit and Loss.

(B) Post-employment benefits

The following disclosures are made in accordance with Accounting Standard 15 (Revised) pertaining to Defined Benefit Plans.

	Gratuity (Funded Plan)	
	As at 31.03.2015	As at 31.03.2014
Amount Recognised in Balance Sheet		
Present value of funded obligations	110.12	93.55
Fair value of plan assets	44.29	31.07
Present value of unfunded obligations	-	-
Net Liability / (Asset)	65.83	62.48
<u>Amounts in Balance Sheet</u>		
Liability	65.83	62.48
Assets	-	-
Net Liability / (Asset)	65.83	62.48
Expense Recognised in the Statement of Profit and Loss		
Opening defined benefit obligation less benefits paid	-	-
Current service cost	9.24	8.98
Interest on defined benefit obligation	8.71	5.35
Expected return on plan assets	(3.44)	(2.71)
Net actuarial losses / (gains) recognized in year	(10.16)	(13.06)
Past service cost	-	39.53
Total, Included in "Employee Benefit Expense"	4.35	38.09
Actual Return on Plan Assets	12.37	2.71
Reconciliation of Benefit Obligations and Plan Assets For the Period		
Change in defined benefit obligation		
Opening defined benefit obligation	93.55	59.68
Current service cost	9.24	8.98
Interest cost	8.71	5.35
Actuarial losses / (gain)	(1.22)	(13.06)
Past service cost	-	39.53
Benefits paid	(0.16)	(6.93)
Closing Defined Benefit Obligation	110.12	93.55
Change in fair value of assets		
Opening fair value of plan assets	31.07	35.29
Expected return on plan assets	3.44	2.71
Actuarial gain / (losses)	8.94	-
Contributions by employer	1.00	-
Benefits paid	(0.16)	(6.93)
Closing fair value of plan assets	44.29	31.07

Experience Adjustments for the current and previous four periods

Gratuity (Funded)	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined Benefit Obligation	110.12	93.55	59.68	72.75	64.42
Plan Assets	44.29	31.07	35.29	45.69	43.66
Surplus /(Deficit)	(65.83)	(62.48)	(24.39)	(27.06)	(20.76)
Experience adjustment on plan liabilities	(14.94)	(47.25)	(9.12)	(5.23)	19.66
Experience adjustment on plan assets	8.94	-	(0.59)	-	-

Notes:

(i) Salary Escalation Rate:-

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.

(ii) Discount Rate:-

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

(iii) Expected Rate of Return on Plan Assets :-

This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

(iv) The Company estimates that the amount to be contributed to the Gratuity fund for the financial year 2015-2016 will be ₹ 65.83 lakhs approximately.

(C) Defined Contribution Plans:-

Provident Fund contributions are made to the Regional Provident Fund Commissioner (RPFC) which are charged to the Statement of Profit and Loss as incurred. In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as Defined Contribution Plan.

(D) Long term Employee benefits:-

The Liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2015 based on actuarial valuation carried out using the projected accrued benefit method resulted in increase in liability by ₹ 4.53 lakhs (Previous year ₹ 1.04 lakhs) which has been recognised in the Statement of Profit and Loss.

Assumptions considered for actuarial valuation:

Economic Assumptions

	As at 31.03.2015	As at 31.03.2014
Discount Rate	7.78%	9.15%
Basic salary increases allowing for regular increases/price inflation/promotional increases	All Grades- 11% for initial 3 years, 10% for next 3 years, 8% thereafter	Mgmt – First year-13%, Next 2years-12%, Next 3years- 10%, thereafter-8% Non-Mgmt – First year-13%, Next 5years-12%, thereafter-8%
Expected rate of return on assets	8.50%	8.50%

Demographic Assumptions

	As at 31.03.2015	As at 31.03.2014
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	15%	Upto 44 Yrs- 10%, above 44 Yrs 2%
Normal Retirement Age	58 years for all employees	58 years for all employees
Leave Availment Ratio	4%	5%

NOTE 33: DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2014-15, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE “SUPPLIERS” REGARDING THEIR STATUS UNDER THE ACT.

	As at 31.03.2015	As at 31.03.2014
(i) Principal amount remaining unpaid(but within due date as per MSMED Act)	–	–
(ii) Interest due thereon remaining unpaid	–	–
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	–	–
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	–	–
(v) Interest accrued and remaining unpaid	–	–
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE 34: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY ACCOUNTING STANDARD (AS 18) FOR THE YEAR ENDED MARCH 31, 2015

a) Holding Company

Asian Paints Limited

b) Companies controlled by directors/ relatives

Jalaj Trading and Investments Pvt.Ltd. Murahar Investments and Trading Co. Pvt. Ltd. Asteroids Trading and Investments Pvt. Ltd. Navbharat Packaging Industries Ltd. Unnati Trading and Investments Pvt. Ltd. Parekplast India Limited.	Vikatmev Containers Ltd. Suptaswar Investments and Trading Co. Ltd. Lambodar Investments & Trading Co. Ltd. Pragati Chemicals Ltd. Elcid Investments Ltd.	Kalica Paper Industries Pvt. Ltd Sadavani Investments and Trading Co. Pvt. Ltd. Nehal Trading and Investments Pvt. Ltd. Resins and Plastics Ltd. Sapan Investments Pvt. Ltd.
--	---	--

c) Fellow Subsidiaries :

Asian Paints (Nepal) Private Limited
Asian Paints (International) Limited, Mauritius.
Maxbhumi Developers Limited
Multifacet Infrastructure (India) Limited
Sleek International Private Limited
Subsidiaries of Asian Paints (International) Limited, Mauritius:
Asian Paints (South Pacific) Limited
Samoa Paints 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.

Subsidiaries of Berger International Limited, Singapore:

Berger Paints Singapore Pte Ltd.
Enterprise Paints Limited.
Universal Paints Limited.
Lewis Berger (Overseas Holdings) Ltd.
Kadisco Paint and Adhesive Industry Share Company
PT Asian Paints Indonesia

Subsidiary of Enterprise Paints Limited:

Nirvana Investments Ltd.
Subsidiary of Nirvana Investments Ltd.:
Berger Paints Emirates Ltd.
Subsidiary of Universal Paints Limited:
Berger Paints Bahrain W.L.L.

Subsidiaries of Lewis Berger (Overseas Holdings) Ltd.:

Berger Paints Jamaica Ltd.
Berger Paints Trinidad Ltd.
Berger Paints Barbados Ltd.

Subsidiary of Sleek International Private Limited.:

Kitchen Grace India Private Limited.

d) Transactions with Related Party during the year :

Nature of Transaction	Nature of Relationship	2014-15	2013-14
Reimbursement Paid	Holding Company (Asian Paints Limited)	134,832	-
Reimbursement Received	Holding Company (Asian Paints Limited)	17,268	-
Outstanding (Payable)	Holding Company (Asian Paints Limited)	122,832	-

NOTE 35:

The Company is into the business of toll manufacturing of powder coatings for two Joint Ventures between Asian paints Limited and PPG Industries Securities LLC namely Asian Paints PPG Private Limited (APPPG) and PPG Asian Paints Private Limited (PPGAP) through its manufacturing plant located at Sarigram, Gujarat. During the previous year, the Company had shut down operations at its plant in Baddi and the manufacturing activity of the same has been shifted to its plant at Sarigram. Consequentially, all the Fixed Assets situated at Baddi plant are being shown separately as assets held for Sale Under "Other Current Assets".

NOTE 36: EARNINGS PER SHARE

Particulars	2014-15	2013-14
Basic and Diluted Profit /(Loss) per share in rupees. (Face Value – ₹ 10 per share)	0.12	(0.57)
Profit/ (Loss) after tax and prior period items as per Statement of Profit and Loss (₹ in lakhs)	37.74	(172.21)
Weighted average number of equity shares outstanding	30,450,000	30,450,000

NOTE 37: SEGMENT REPORTING

The Company's business constitutes of processing of powder coatings which is a single business segment in the context of Accounting Standard 17 - Segment Reporting as specified in the Companies (Accounting Standards) Rules, 2006 (as amended). Accordingly, no segmental information is disclosed.

NOTE 38:

Previous year's figures have been regrouped, reclassified wherever necessary to correspond with the current year's classification/disclosure. Figures for the previous year have been audited by M/s. Shah & Co., Chartered Accountants.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia

Partner

Membership No: 042070

Mumbai

Date:

For and on behalf of the Board

Asian Paints Industrial Coatings Limited

CIN: U24220MH2001PLC133523

Abhay Vakil

Director

DIN:00009151

R J Jeyamurugan

Director

DIN:00010124

Jaideep Nandi

Director

DIN: 06938480

Radhika Shah

Asst. Company Secretary

Mumbai

Date: