Your Home, Your Experience

asianpaints

Asian Paints Limited | Annual Report 2018-19

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Online Report

Check out our online report for simple navigation across your devices.

asianpaints.com/annualreport

Standalone financial performance: FY2018-19

Revenue from operations

15.8% ▲

FY2018-19: ₹ 16,391.8 Crores
FY2017-18: ₹ 14,153.7 Crores

EBITDA

12.2% ▲

FY2018-19: ₹ 3,586.8 Crores
FY2017-18: ₹ 3,198.0 Crores

Profit after tax

12.7% ▲

FY2018-19: ₹ 2,134.8 Crores
FY2017-18: ₹ 1,894.8 Crores

Your Home, Your Experience

Throughout our journey of more than 75 years, we have endeavoured to put your world on our colour palette. Your needs, your tastes, your likings, your style, inspire us to create more. More colours, more designs, more innovations, more products, more services, more formats, more stores, just… more. You now have the power to choose your own style and make it your own statement, so that your surroundings reflect all that is truly you. Without a shade of doubt.

We want your world to bear the unmistakable signature of your vision. We want to do everything to help make your aspirations awaken around you.

Your home - your world - should be exactly the way you want to experience it.

You now have the power to choose your own style and make it your own statement, so that your surroundings reflect all that is truly you.

Social responsibility: FY2018-19

₹ 52.70 Crores

CSR spend

1.15+ Lakhs

Training sessions conducted in various categories for skill development

50.9 %

Of total electricity consumed in our paint manufacturing units was from renewable sources

OUR GROUP

We are Asian Paints

9th
Largest paint company in the world

#1
Paint company in India

3rd
Largest paint company in Asia

50+
Years of market leadership in India

27
Paint manufacturing facilities globally

Listing

BSE

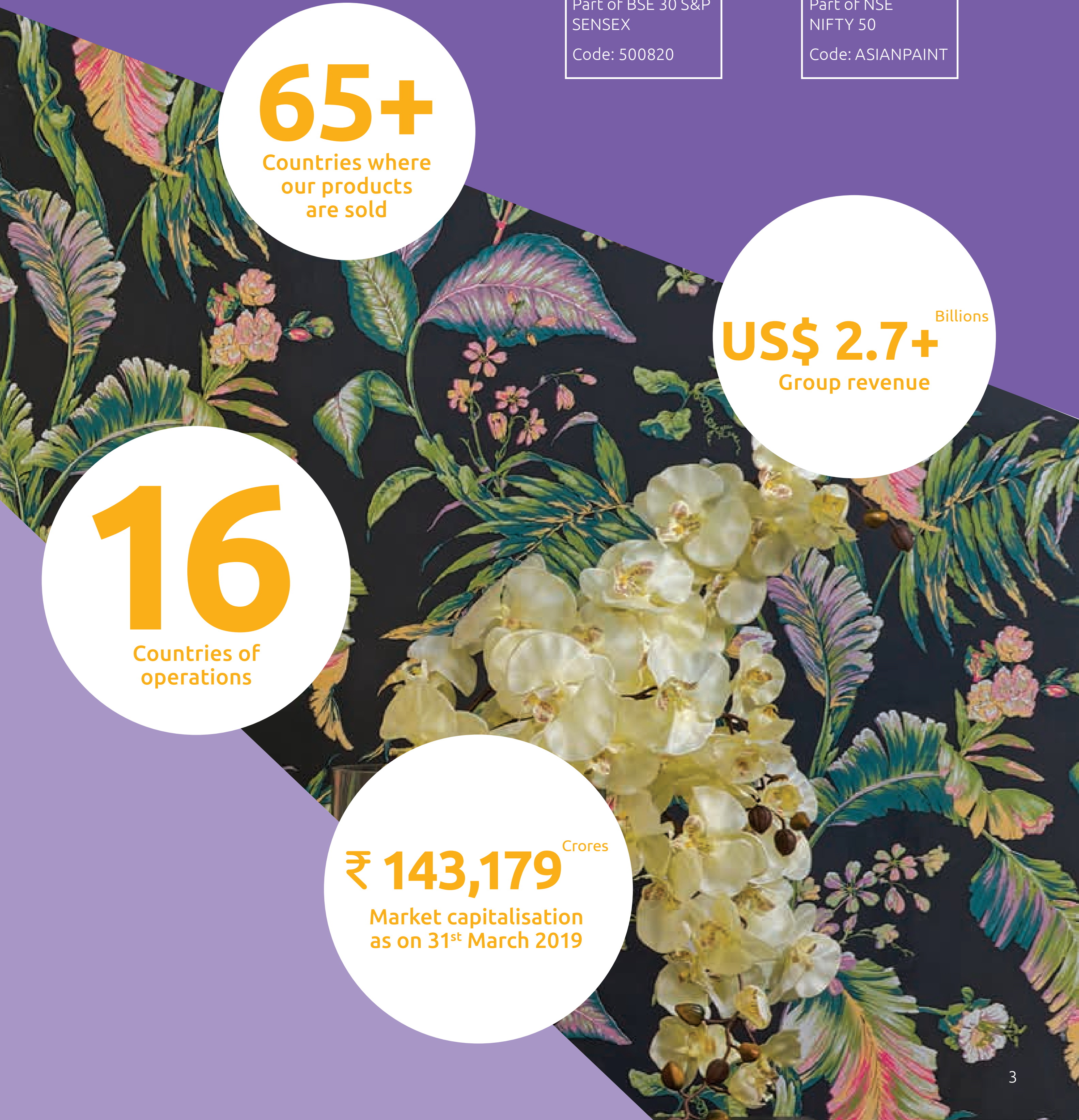
Part of BSE 30 S&P SENSEX

Code: 500820

NSE

Part of NSE NIFTY 50

Code: ASIANPAINT



65+
Countries where our products are sold

US$ 2.7+ Billions
Group revenue

16
Countries of operations

₹ 143,179 Crores
Market capitalisation as on 31st March 2019

OUR IDENTITY

Colouring your world

Standing among the world's top ten paint companies, we continue to excel globally, driven by ethos and high standards of corporate governance. We strive to enable and define the unique tastes of the global consumer, helping to create spaces that uniquely represent you.

Transforming spaces in a way that matches, celebrates, and champions the different preferences of our customers is how we honour their unique tastes. Our ability to ensure that our customer's surroundings acquire and reflect the look, feel, and functionality that they desire, has helped us remain India's top paint company.

We understand that we operate in a space where personalisation is a competitive edge, be it homes, offices or institutions. Every space is unique, requiring its own special treatment. Be it through colour, furnishings, the environmental factors at play, or budget at hand, from luxury emulsions to economic quality distemper.

We are also ranked among the top ten decorative coatings companies in the world.

Thus, we continue to create a colourful tapestry of customer-centric products, services, and platforms, especially digital, helping us to consolidate our market position across the globe, and strengthen our brand equity.

Our digital platforms give customers the access to at-home colour consultancy services and online consultancy, thus augmenting the reach of our colour stores.

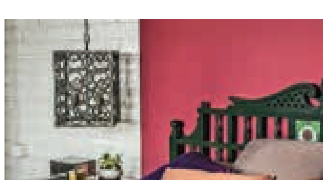
We continue to be inspired in expanding our wallpaper range, wall stencils, wood finishes, adhesives, and waterproofing solutions, primarily according to the changing consumer preferences. We are also providing end-to-end painting solutions in multiple cities across India.

Our Joint Ventures (JVs) with PPG Industries Inc., USA, in automotive and industrial paints as well as our Home Improvement ventures through Sleek International, which is into modular kitchens and wardrobes, and Ess Ess, representing bath fittings, have helped us to diversify our offerings. Asian Paints continues to further its Indian roots, its home- grown design ethos, while representing excellence in innovation, quality, and delivery around the world.

Our Vision

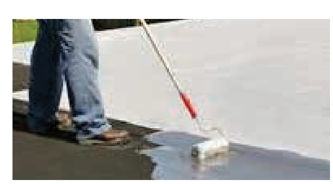
To be the fore runner of inspiring décor and to actively empower customers to create their dream homes.

Our offerings

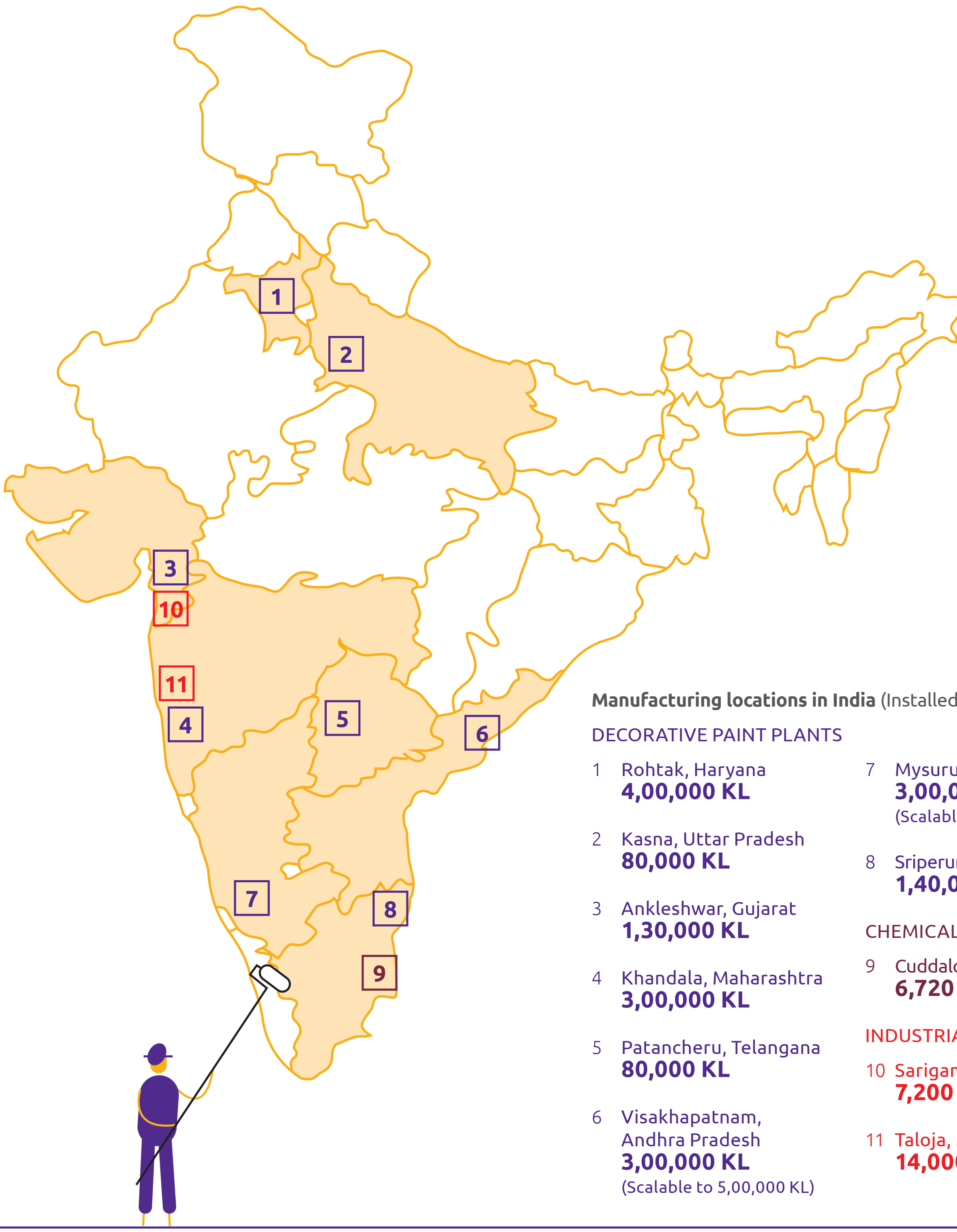


Paints

Wall coverings



Waterproofing



Map not to scale

Manufacturing locations in India (Installed capacity/annum)

DECORATIVE PAINT PLANTS

1 Rohtak, Haryana
4,00,000 KL

2 Kasna, Uttar Pradesh
80,000 KL

3 Ankleshwar, Gujarat
1,30,000 KL

4 Khandala, Maharashtra
3,00,000 KL

5 Patancheru, Telangana
80,000 KL

6 Visakhapatnam, Andhra Pradesh
3,00,000 KL
(Scalable to 5,00,000 KL)

7 Mysuru, Karnataka
3,00,000 KL
(Scalable to 6,00,000 KL)

8 Sriperumbudur, Tamil Nadu
1,40,000 KL

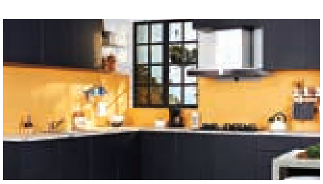
CHEMICAL PLANT

9 Cuddalore, Tamil Nadu
6,720 MT

INDUSTRIAL PAINT PLANTS

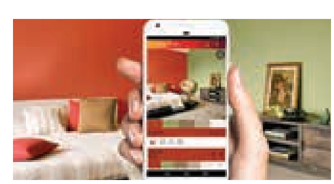
10 Sarigam, Gujarat
7,200 MT

11 Taloja, Maharashtra
14,000 KL


Kitchen fittings


Bath fittings


Adhesives


Services

OUR IDENTITY (Continued)

Our business segments

Decorative Coatings

The largest contributor to our group revenues, this business features a comprehensive portfolio, including paints, painting tools, water-proofing solutions, wall coverings, and adhesives. Our robust network of 60,000+ dealers, enables us to cater to a wide cross-section of customers across geographies.

Our eight manufacturing plants across different locations countrywide, with a combined capacity of 1.73 million KL per annum of decorative paint products, feature state- of-the-art technology. A steady growth marks our journey, which is furthered by a perception shift as a premium brand driving innovations. The launch of many new products, backed by research and aimed at fulfilling consumer expectations adds to this achievement. The resultant increase in brand equity is helping our global expansion efforts.

Industrial Coatings

We are present in the industrial coatings space with high-performance, high-quality offerings that serve to protect surfaces through our two 50:50 Joint Ventures with PPG Industries Inc., USA. Asian Paints PPG Pvt. Ltd. (AP-PPG) is an ISO 9001 certified company delivering high-value paints and coatings to industrial Original Equipment Manufacturers (OEMs). The other JV, PPG Asian Paints Pvt. Ltd. (PPG-AP) is a leading supplier of paint and coatings to customers in automotive OEMs, automotive refinishes, industrial, marine, and packaging. Both the joint ventures benefit from the combined strength of both partners in ensuring technological superiority, quality, and durability.

For industrial OEMs, our offerings are categorised under protective coatings, powder coatings, floor coatings, and road markings. We ensure that innovative products are delivered in volumes desired by the customers. We are market leaders in thermoplastic road markings, as well as in auto refinish segment, and second largest player in the auto OEM segment.

International Operations

Our international operations span across 15 countries, with significant presence in South Asia and the Middle East. We are among the top three players in decorative paints in all these regions except in Singapore, Oman and Indonesia.

We continue to expand, as well as consolidate our position with key focus on Africa and Asia.

Home Improvement Businesses

Smart Like You

Aimed at offering complete décor solutions, we forayed into this space six years ago and have been stepping up our offerings consistently to help our customers create their dream homes. Currently operational in the two categories of kitchen and bath fittings comprising ranges of modular kitchens and sanitaryware.

We have recently introduced wardrobes. This segment is a focus area for our future growth, as India's real estate market is slated to grow backed the rising affordable homes segment drive in the country.

OUR INTERNATIONAL PRESENCE

Expanding scale and scope

We operate in 15 countries in the world across four regions with 17 manufacturing facilities across Asia, the Middle East, Africa and South Pacific.

Country	Brand
Nepal	Asian Paints
Sri Lanka	Asian Paints Causeway Paints
Bangladesh	Asian Paints
Indonesia	Asian Paints
Singapore	Berger Paints
Bahrain	Asian Paints Berger
UAE	Asian Paints Berger
Oman	Asian Paints Berger
Ethiopia	Kadisco Asian Paints
Egypt	SCIB Paints
Fiji, Solomon Islands, Samoa, Vanuatu and Tonga	Taubmans and Apco

Our brands

asianpaints

CAUSEWAY PAINTS

asianpaints BERGER

KADISCO asianpaints

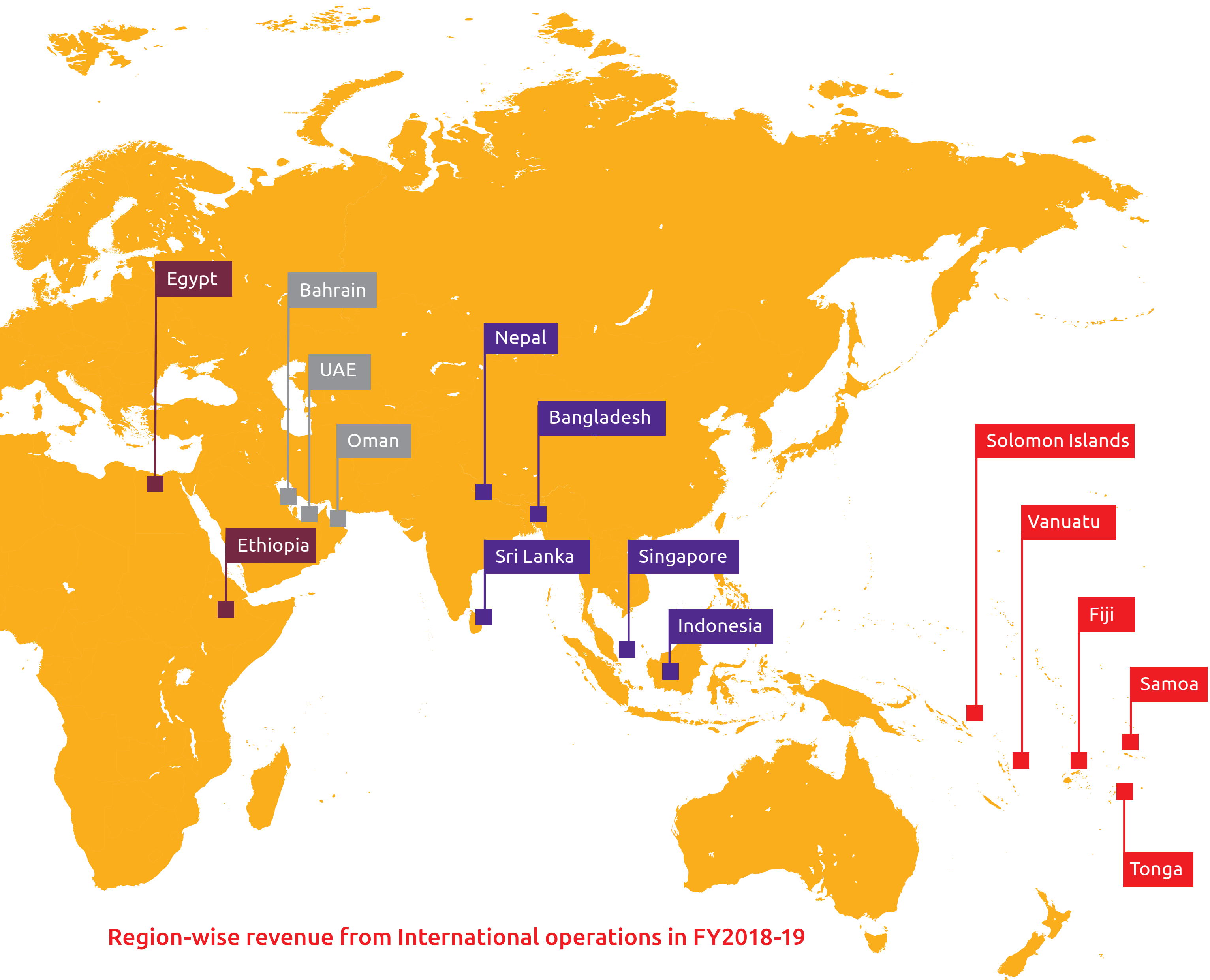
scib Paints

TAUBMANS

apco

BERGER PAINTS

Map not to scale



Region-wise revenue from International operations in FY2018-19

48%
Asia
(Bangladesh, Nepal, Sri Lanka, Singapore & Indonesia)

20%
Africa
(Egypt & Ethiopia)

26%
Middle East
(Oman, Bahrain & UAE)

6%
South Pacific
(Fiji, Solomon Islands, Samoa, Tonga & Vanuatu)

OUR OFFERINGS

The many shades of excellence

Interior Paints

Royale Aspira, Royale Play Safari, Royale Play Metallics, Apcolite Premium Emulsion, Tractor Aqualock, Tractor Acrylic Distemper, Royale Luxury Emulsion, Royale Shyne, Royale Atmos, Tractor Emulsion Shyne, Tractor Emulsion, Royale Health Shield

Metal Finishes (Enamels)

Apcolite Satin Enamel, Apcolite Gloss Enamel, Apcolite Rust Shield, Tractor Enamel, Royale Luxury Enamel

Wood Finishes Range

Woodtech PU Palette, Woodtech Aquadur PU, Emporio PU, Woodtech Epoxy, Woodtech Insignia, Woodtech Touchwood, Woodtech Polyester , Woodtech Polyester Gold

Exterior Paints

Apex Ultima Protek (Base Coat & Top Coat)

Apex Ultima Protek Duralife (Base Coat & Top Coat)

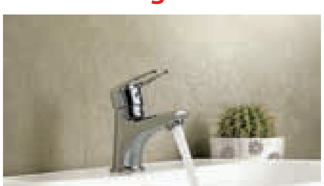
Ace Shyne, Ace Exterior Emulsion, Apex Exterior Emulsion, Apex Ultima, Apex Ultima Europa

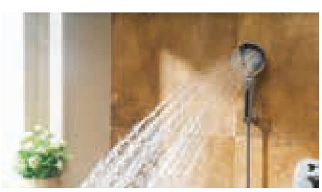
Range of Tools

Adhesives

SmartCare Range of Waterproofing Products

Bath Fittings

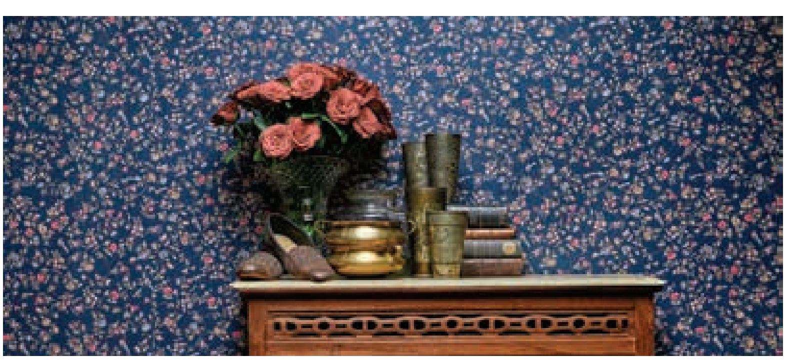


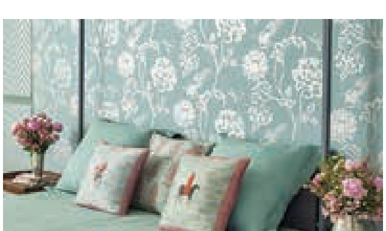


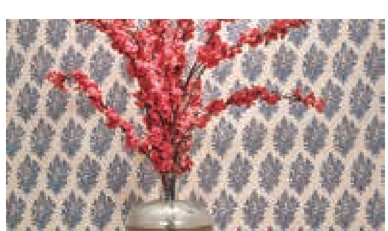
Wardrobes

Kitchens

Nilaya Range of Wall Coverings







Services

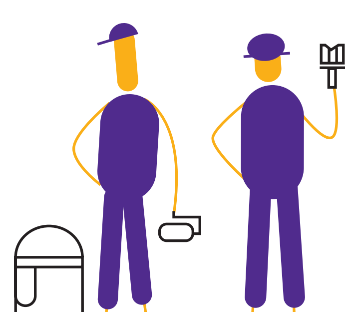
Colour consultancy

Home painting services

Experience retail stores

Décor solutions

Projects



KEY PERFORMANCE INDICATORS

Measuring our progress - Standalone

Revenue from operations (₹ in Crores)

₹ 16,391.8

10.9% 5-year CAGR

15.8% y-o-y growth

EBITDA (₹ in Crores)

₹ 3,586.8

13.0% 5-year CAGR

12.2% y-o-y growth

EBITDA margin (%)

21.88%

Cash generated from operations (₹ in Crores)

₹ 3,098.0

11.3% 5-year CAGR

PAT (₹ in Crores)

₹ 2,134.8

12.8% 5-year CAGR

12.7% y-o-y growth

EPS after Exceptional Items (₹)

₹ 22.26

12.8% 5-year CAGR

12.7% y-o-y growth

Market capitalisation (₹ in Crores)

₹143,179

22.2% 5-year CAGR

32.2% y-o-y growth

Net fixed assets (₹ in Crores)

₹4,670.5

18.3% 5-year CAGR

81.8% y-o-y growth

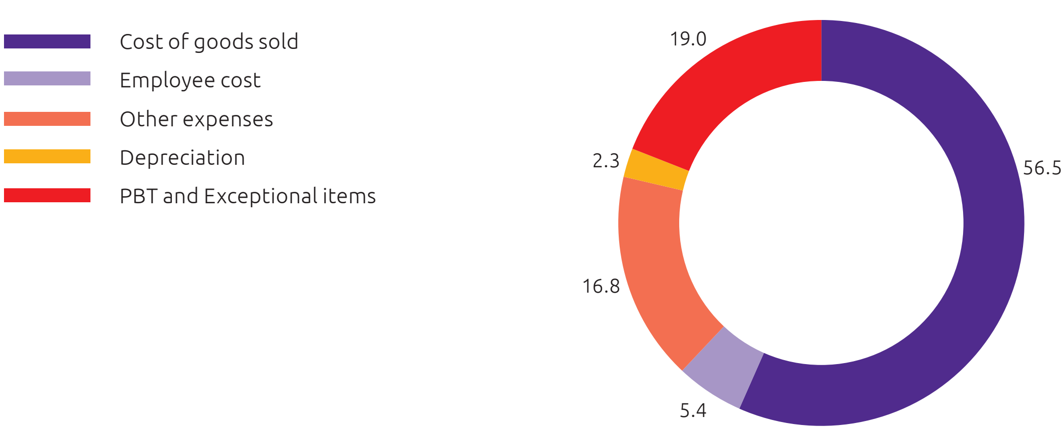
Average capital employed (₹ in Crores)

₹8,357.1

Return on Capital Employed [ROCE] (%)

38.3%

Percentage of total income built-up for FY2018-19 (%)



CHAIRMAN'S LETTER

We navigate through the ever-changing business landscape to create growth avenues for the future.

Dear Shareholders,

As I sit down to pen my thoughts on the year gone by, the first thought that strikes me is that till last year, it used to be my dear friend, late Mr. Ashwin Choksi, addressing all of us through his annual letter. He was truly an amazing human being inspiring all of us to aim and achieve big and at the same time retain the humility to connect and relate with people across all strata. Always eager to learn, he would spend hours interacting with the younger generation of employees, understanding their views and drawing inspiration to keep the organisation's culture and imperatives relevant with times. I will always cherish and take strength from his reassuring smile in my endeavour to lead this organisation to greater heights.

On March 31st, 2019, three stalwarts of our Board who have served the Company for many years, helping build what it is today, retired. I am extremely grateful to Mr. Mahendra Choksi, Mr. Mahendra Shah and Mr. S. Ramadorai and would like to thank them on behalf of Asian Paints Ltd. and all its shareholders for their contribution.

Looking back at FY2018-19, it turned out to be another roller-coaster period with its share of uncertainty and volatility. On the positive side, we saw some improvement in the demand conditions in the domestic market as compared to the previous year with trade and supply channels recovering from the past disruptions caused by demonetisation and the implementation of the Goods and Services Tax (GST). However, customer confidence was uncertain and this has reflected in a marked slowdown witnessed in some of the large sectors of the economy, particularly in the last quarter of the financial year. Persistently tight credit conditions accentuated by the challenges in the NBFC (Non-Banking Financial Company) sector, rising unemployment and low rural and urban income growth were key contributors to the dampened sentiment. The year was also marked by high inflation on the raw material front leading to a tightening of the operating margins. And though we were able to recover a part of the margin pressure through price increases, the uncertain demand conditions meant a consistent drive in the business to optimise its cost structure to alleviate the margin pressure. The international markets faced their own set of challenges with some markets affected by foreign exchange tightness while a few impacted by very high inflation levels and low GDP growths.

At the overall level, I am very happy with the performance we have been able to deliver not withstanding difficult business conditions. Focussed efforts in expanding the market by looking at upgradation from bottom of the pyramid resulted in volume growth of the India business to be the highest in the last few years. We continuously innovated by launching new products and services, thereby moving forward in our journey of being the most inspirational home décor brand for consumers. Our industry beating growth, on our market position, is definitely an achievement that every stakeholder of this organisation should be proud of.

At the same time, we continue to uphold the highest standards of corporate governance, treating them as an ethical requisite rather than a regulatory necessity and continue to base all our actions on the principles of fairness, trust and transparency. During the year, Mrs. Pallavi Shroff, a leading luminary from the field of Corporate Law and Mr. Suresh Narayanan, a business stalwart of repute, were appointed as Independent Directors to the Board of the Company. The Board will benefit immensely from the vast and rich experience that these new members bring to the table.

Looking forward, the business environment will remain true to its nature – as uncertain and as unpredictable as ever. In such an environment, only those organisations that put in efforts to remain relevant to the changing needs and preferences of consumers – understanding the consumer requirements and adapting the business model to suitably address these requirements, will be able to deliver long-term growth and sustainable returns to all the stakeholders. Our vision of becoming the most inspirational home décor brand is based on the growing consumer preference for curated décor and personalised solutions as the consumer looks at creating a differentiated home space with a unique identity. As an organisation, we will continue to expand our product offerings and adapt our business channels – from brick & mortar to digital, to deliver on these consumer aspirations. 'AP Homes' – our flagship décor outlets as well as 'beautifulhomes.com' and 'asianpaints.com' – the digital properties of our Company continue to provide critical insights in consumer behaviour and choices, which will need to be harnessed effectively to establish our Company's décor expertise. At the same time, product and application innovation – to address the stated as well as unstated consumer needs, will need to be a continuous investment. Our Research & Technology function is fully geared towards this and its various research initiatives have helped us launch several pioneering products with distinctive value proposition for consumers. During the year, we have launched some innovative products like Royale Health Shield,

Our industry beating growth, on our market position, is definitely an achievement that every stakeholder of this organisation should be proud of.

which has been designed to address the safety and health needs, Apcolite Rust Shield to address the challenge of corrosion on metallic surfaces and Ultima Protek Lamino, which offers longer service life and unmatched performance.

Most importantly, as we navigate through the ever-changing business landscape to create growth avenues for the future, it is important to contribute positively towards the society and the environment. Efforts taken by us for water-usage reduction and waste-generation reduction, as well as investments made in the area of rainwater harvesting and increasing renewable energy usage, are steps taken to create a long-term sustainable journey for the organisation.

I take this opportunity to thank you all for the unwavering support and commitment that continues to provide us strength to forge ahead in our endeavour.

Yours sincerely,

Ashwin Dani
Chairman

MANAGING DIRECTOR'S LETTER

Today's consumer is exposed to great products and services across all categories of goods and as a Company we have strived to change and evolve to meet her/his needs

In FY2018-19, we provided over 8 lakh in-store colour consultancies and painted over 40,000 homes through Paint Total, Paint Rite and Home Solutions service.

Dear Shareholders,

Asian Paints has succeeded in extending it's market leadership in India for over 50 years simply because it has continuously endeavoured to change and meet the needs of the consumer of today. Today's consumer is exposed to great products and services across all categories of goods and as a Company we have strived to change and evolve to meet her/his needs.

She wants a home that personifies her and is distinct from any other. 'To be the forerunner of inspiring Décor and to actively empower consumers to create their dream homes' is our vision and direction for the future. It is with this vision, over the last decade, we have attempted to provide more than such a product or a can of paint.

In this journey we have made tremendous strides and the progress in FY2018-19 has been remarkable.

In FY2018-19, we provided over 8 lakh in-store colour consultancies (through our Colour Idea stores), painted over 40,000 homes through Paint Total, Paint Rite and Home Solutions services; provided full Décor services through our five AP Homes launched a new series of wallpaper through Nilaya, many problem solving products like Royale Healthshield, Apcolite Rust Shield, Ultima Proteck Lamino, Economy Sheen products- Tractor Emulsion Shyne and Ace Shyne and a whole new range of waterproofing products.

Our response from consumers has been overwhelming and we plan to continue to focus in this direction.

FY2018-19 was a good year for Asian Paints. All the businesses in India grew well above the market growth rates, thereby gaining share across all areas of operation. Although profitability was hit (due to the sharp increase in raw material prices), growth in demand due to an extended Diwali season and reduction of GST rates ensured a satisfactory performance for the year.

The Architectural coatings business grew across all regions in India, with higher growths coming from upgradation products at the bottom of the pyramid. At the same time, top-end products like Royale Health Shield, Ultima Protek and wallpapers continued to grow well. Premium Wood Finishes, Waterproofing and painting tools all did remarkably well.

On the channel front, we opened more than 3,000 new outlets bringing our total strength to over 60,000. We increased our Colour Idea stores to over 400 and our Colourworld network exceeded 46,000.

The Home Improvement businesses- Sleek kitchens and Ess Ess bath fittings did exceptionally well growing by over 20% and we are now confident that they would be growth drivers of the future.

The Company commissioned 2 large paint manufacturing units of 300,000 KL /annum each at Mysuru and Visakhapatnam during the year. This additional production capacity would be sufficient to provide for the growth we expect over the next few years.

The Industrial Coating businesses were severely hit by the sharp increase in raw material prices. PPG-AP was also affected by the slowdown in the automotive sector. AP-PPG (protective coatings) grew exceptionally well

by over 20%, making significant competitive gains across markets.

The International business did not perform well. High inflation (including currency depreciation), rising raw material costs and poor economic growth affected the performance of units. Ethiopia (currency restrictions), Egypt (economic downturn) and Bangladesh fared badly while Nepal and the Middle East units of Oman, UAE and Bahrain did well. The international business should do much better in FY2019-20.

The Company continued to do great work in the areas of sustainability where, in our manufacturing units 50.9% of power consumption came from renewable energy. In CSR, we continue to do good work in water replenishment, health, education and skilling.

All in all, the Company made good progress in all areas in FY2018-19, and we are confident, going forward we will continue to deliver value to all our customers and stakeholders.

Warm regards,

K.B.S. Anand
Managing Director & CEO

VALUE CREATION MODEL

Focussed on consistent value creation

Our business model is designed to achieve responsible, sustainable and profitable growth.

Strengths

Experience

Our rich experience of more than 70 years in the paints industry has enabled us to understand our consumers better and to innovate to fulfill their needs.

Global footprint

Our operations in India and 15 different countries through 27 paint manufacturing facilities enable us to reach our consumers in more than 65 countries.

Brands

We have earned the trust of consumers to become a name that is known and loved by billions globally. Our brands are leaders in the markets they operate in.

World-class manufacturing

State-of-the-art production facilities with strong IT integration and the latest automation technology.

Information Technology (IT)

We have consistently been investing in installing cutting-edge IT platforms that add value to businesses by helping to optimise costs, consistency, and efficiency.

Research and development

Our best-in-class R&D facility with over 200 scientists supports our strategy around technology development, product development focussing also on creating sustainable products, as well as value re-engineering for productivity improvement and cost optimisation.

Product Range

Our products cover a wide range of innovative and industry-first options, driven by consumer-centricity, global trends, as well as high standards of quality and safety.

Reach

Our wide distribution network, across India and globally, speaks of relationships nurtured over time with solid value-addition, centered on providing an exceptional customer experience at every touchpoint.

Financial strength

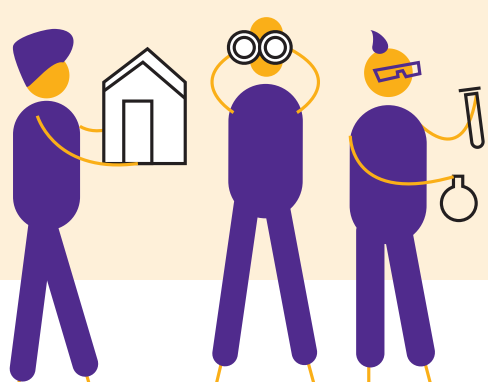
Our prudent financial management and decision-making drives the seamless growth that continues to create long-term value for our stakeholders. Reflecting our strengths, our total equity and Average Capital Employed are valued at ₹ 8,887.6 Crores and ₹ 8,357.1 Crores, as on 31st March, 2019, respectively.

Team

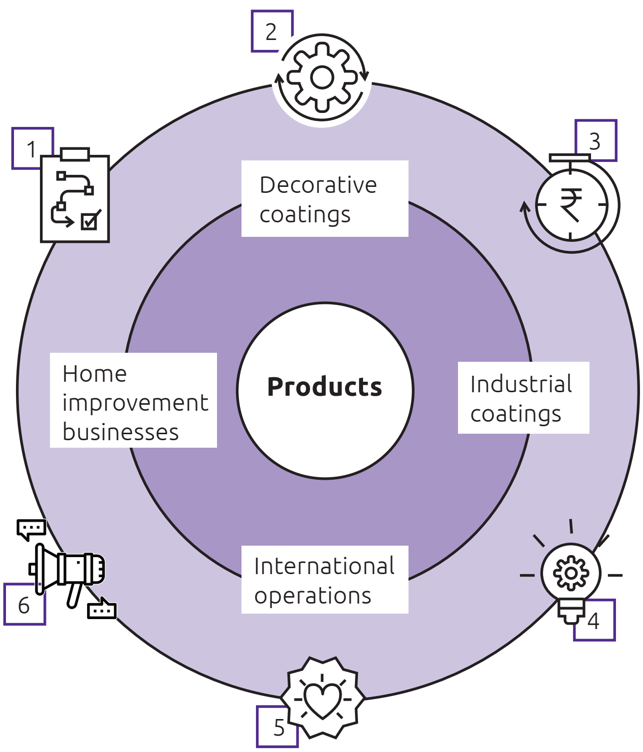
Our people are our greatest strength. We are more than 7,500-strong team of knowledgeable, skilled, passionate people. We nurture talent and empower our workforce to create new benchmarks of performance and excellence.

Governance

A strong culture of maintaining high standards of governance, compliance, and risk management already exists, and we are committed to ensuring that it continues to remain a priority.



Business model



1. Seamless planning
2. Operational excellence
3. Cost efficiency
4. Innovation-led
5. Brand prominence
6. Effective marketing

Value Creation

Shareholders and Investors
We strive to ensure that the information we provide is fair, balanced, and easy to consume, which helps to inspire trust and confidence.

₹ 10.50 per share
Dividend in FY2018-19

Consumers
We engage with customers across all our touchpoints. Equipped with a comprehensive product suite, we offer best-in-class services and ensure active customer engagement. Our focus is always to empower our consumers with the range of choices that inspires them to create their dream homes.

Workforce
We are nurturing a work culture that is inclusive, where all employees are valued, encouraged, and given equal opportunities to develop their skills.

7,500+
Total workforce

Dealers, Contractors, Painters & AID's
Our extremely strong dealer network is based on mutual trust and fairness. We continue to work with dealers, painters, contractors and AID's through various engagement programs.

60,000+
Dealer network

Vendors and Suppliers
We treat our vendors and suppliers as partners in progress. We help them improve their process, efficiencies and quality through regular inputs and training creating a win-win situation for both.

Government
We are fully compliant with all the laws and regulations in the regions where we operate, driving responsible business practices with passion and commitment.

₹ 913.84 Crores
Contribution to the exchequer in FY2018-19

Community
We are driving a variety of strategic interventions in the areas of health, education, water conservation and skill development, to help the communities residing in the areas where we operate.

₹ 52.70 Crores
CSR spends in FY2018-19

INNOVATION

Consistent quest for innovation

Innovation has been one of our key cornerstones in our enduring journey. We remain an agile and responsive world-class innovation-led organisation who is constantly adopting to evolving customer aspirations and catalysing our growth possibilities across existing and future businesses.

Hygiene Lab demonstrates the products under the health and hygiene segment

Innovation centre

ColourNext

We have been studying colour and its myriad influences on lifestyle in India. And year after year, we are fascinated by the stories that emerge out of the creative landscape of this country.

ColourNext is a celebration of colours born out of research and imagination, an outcome of a comprehensive trend mapping exercise conducted by Asian Paints across India with inputs from design professionals, sociologists, and industry experts. In our 2019 edition, we focussed on the Indian mood and regional cultures.

Behind the scenes of ColourNext

Transformation through technology

We have continued to develop our creative edge in a highly competitive industry by investing in cutting-edge technology for research and development of products in accordance with global trends. We employ design thinking to connect with our consumers' evolving tastes.

During FY2018-19, we added a range of value-added features to our existing products and successfully created differentiation for our products in the market.

Moreover, we are encouraging the use of tools such as Design for Six Sigma (DFSS) and Design of Experiments (DoE) to strengthen product development methodology, across the organisation.

Our futuristic, high-quality products have garnered international product certifications, helping to grow the credibility of our products as well as our brand value.

FY2018-19 witnessed the launch of 23 new products in the architectural paints segment and 15 in the Industrial paints segment. Highlights are as follows:

- 'Royale Health Shield', developed to address the safety and health issues of consumer, conforms to the stringent anti-asthma requirements of American Asthma Foundation (AAF).
- 2k PU Magnum with 15 years waterproofing warranty for terraces developed and commercialised.
- 'Protek Lamino' anti-graffiti self-cleaning exterior paint developed and launched with 15 years' warranty.
- 'Nilaya Natural' developed with 95% natural content with unique tinting system using powder tinter.
- 'Asian Epoxy Dual Coat' with 30 fast moving shades developed and launched through industrial tinting system.

- 'Dampproof Ultra' with 10 years waterproofing warranty developed and launched.
- Developed and commercialised 'Apcocryl TSA Anti dust Clear coat' for the Fan industry.
- Developed Apcolite Rust Shield PU based anti-rust enamel is the first enamel in the country to offer a two-year warranty for rust protection.

Enhancing product quality

Our robust quality standards translate into sustained and committed efforts to ensure product viability and stability. Our application research helps to establish product stability, the process for which includes testing for performance across various environmental conditions. An exterior paint testing facility is in place in Kochi.

Testing for product validation involves the use of laboratory simulation techniques; a dedicated site for this was constructed during FY2018-19 in Mahabaleshwar, Maharashtra.

In another development, a breakthrough in project methodology led to the launch of Project 'Ansh', enabling our product development team to launch two new products: an emulsion partly replacing petroleum monomer with renewable raw material, and an alkyd resin based on completely unique backbone giving competitive advantage within a record timeline.

Going green

We are deeply committed to reducing our carbon footprint through reduction of rutile (a form of titanium dioxide, core to achieving pigmentation) by using low-carbon substitutes, with no compromise in performance properties. We are working to increase the efficiency of our processes by adopting new manufacturing techniques and pursuing process optimisations aided by technology. We are also undertaking joint projects with the plants to reduce cycle time, energy and water consumption, and generation of waste.

Customer experience

We have created a world-class 'experiential zone' at our Research & Technology (R&T) centre at Turbhe, Navi Mumbai, to showcase our latest products to the consumers, while highlighting the emerging trends and the focus areas for the Company.

The facility also includes a Hygiene Lab to demonstrate the products under the health and hygiene segment, such as the Royale Health Shield.

DIGITAL PROPERTIES

Digital way forward

Our digital channels are enabling us to transform from being a brick-and-mortar business into a click-and-mortar business. Winning in a digital world is all about how you weave and create an ecosystem that is digitally connected.

Digital Touchpoints

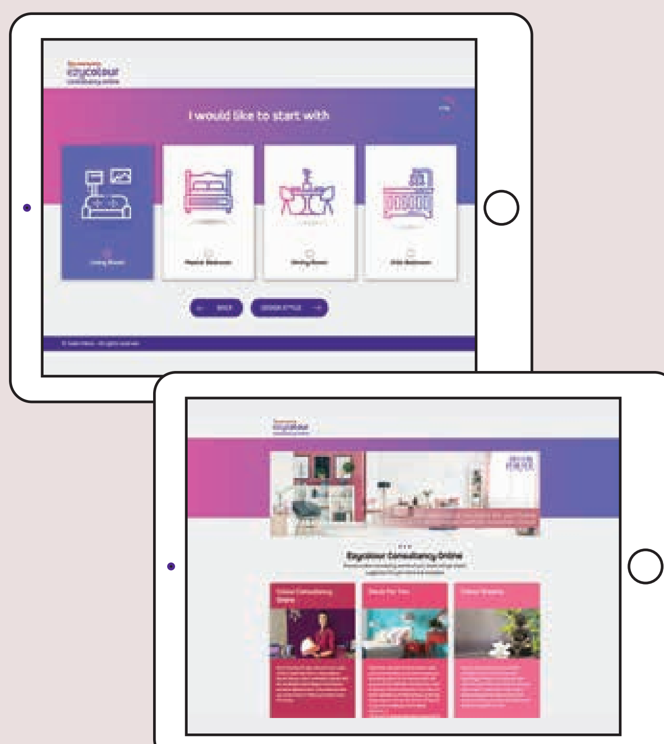
Our touchpoints (website, apps store, services, stores and call centre among others) capture data from consumers which in turn helps businesses to gain insights and provide better customer experience.

Social media presence

We have run quite a few successful campaigns on social media to inspire, educate and help our customers make better choices on colours.

Ezycolour Consultancy

Our colour experts help answer the consumer's queries through the visualisation technology by showcasing an exclusive digital preview.

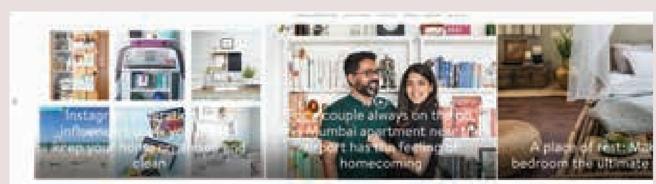


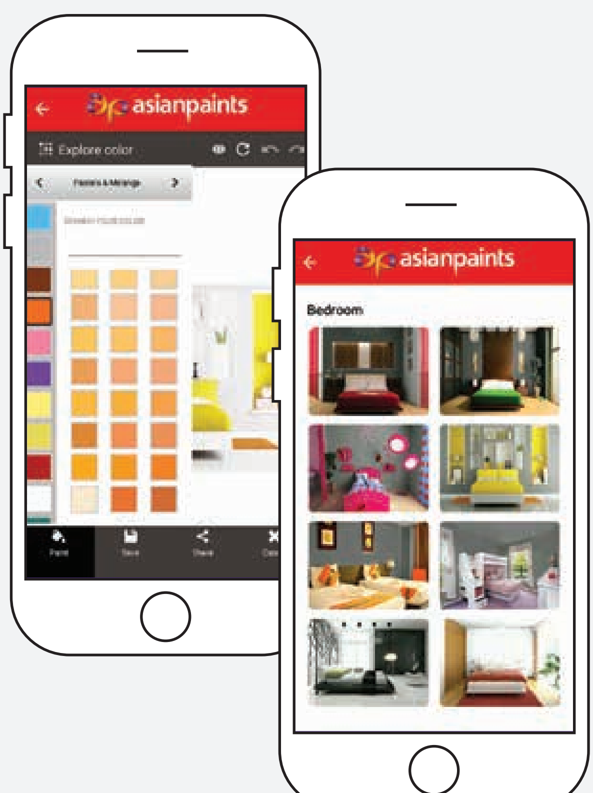
Colour with Asian Paints

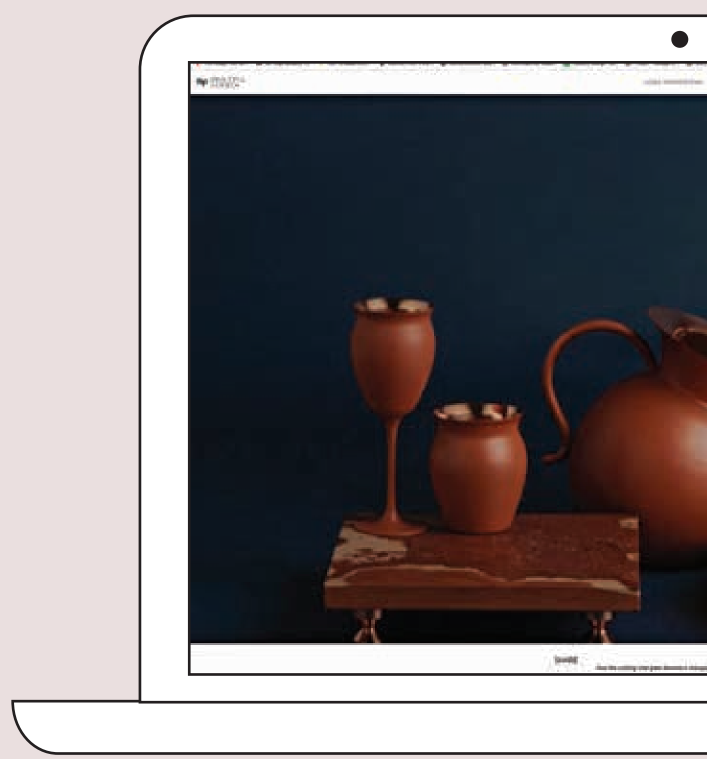
Our one tap mobile app is helping our customers visualise styles for their home. Our customers can see the entire Asian Paints Colour Spectra (catalogue of 1,800 gorgeous shades), along with textures and wallpapers. We offer a bunch of curated room shots, fit enough to inspire even an interior decorator. One can also click a picture of your home/ office/studio and change the colours on walls, try various colour, texture and wallpaper combinations, save, and share this image!

'Beautiful Homes' Website

We are adding beauty to your home, one click at a time through our Beautiful Homes portal, an online only décor magazine. This portal is a repository of inspiring homes and workspaces, practical décor tips, accessible design ideas and DIY guides. The gallery section showcases inspiring images for your home. The Decorate section offers comprehensive tips on everything related to décor and home organisation- DIY ideas and videos, practical tips, Get the Look sections and useful articles on styling your home.







BOARD OF DIRECTORS

Standing from Left to Right

Jigish Choksi
Additional/Non – Executive Director

Suresh Narayanan
Independent Director

Manish Choksi
Non-Executive Vice Chairman

Dr. S. Sivaram
Independent Director

M. K. Sharma
Independent Director

Sitting from Left to Right

Pallavi Shroff
Independent Director

Abhay Vakil
Non-Executive Director

Ashwin Dani
Non-Executive Chairman

Standing from Left to Right

Amrita Vakil
Non-Executive Director

Deepak Satwalekar
Independent Director

R. Seshasayee
Independent Director

Malav Dani
Non-Executive Director

Sitting from Left to Right

Vibha Paul Rishi
Independent Director

K.B.S. Anand
Managing Director & CEO

LEADERSHIP TEAM


1

1 **K.B.S. Anand**
Managing Director & CEO

2 **Amit Syngle**
Chief Operating Officer

3 **Jayesh Merchant**
CFO & Company Secretary,
President – Industrial JVs


2


3

TRIBUTE TO OUR LATE CHAIRMAN

Mr. Ashwin Choksi

(01.06.1943 – 19.09.2018)

Mr. Ashwin Choksi, Asian Paints Limited, left for the heavenly abode on 19^{th} September, 2018, after a brief illness.

Late Mr. Ashwin Choksi was associated with the Company since 1965. He became the Managing Director of the Company in 1984. As an Executive Chairman for more than a decade, he pioneered to imbibe the best governance standards with entrepreneurship in the Company. He stepped down as Executive Chairman of the Company in 2009 and continued to hold the position of Non-Executive Chairman since then.

A humble and down to earth individual, he led the Company without being in the limelight.

Late Mr. Ashwin Choksi was instrumental in strengthening the symbiotic relationship between entrepreneurs and professionals in the Company and promoted a culture which valued equity and fairness, thus enhancing stakeholder value. He was extremely passionate about social causes and undertook many philanthropic activities especially in the areas of education and health.

His sad demise is an irreparable loss to the Company. The Board of Directors, employees and all Asian Paints' associates express deep condolences and pay tribute to a great visionary.

CORPORATE SOCIAL RESPONSIBILITY

Partnering inclusive, equitable growth

Asian Paints believes in the power of focussed, consistent, well-designed sustainable initiatives to drive social transformation.

Our strong belief in bringing about social transformation continues to motivate us constantly to do more, achieve more, and connect with more people from various communities we interact with. We are committed to ensure that social responsibility finds an inherent space in every area of our organisation. A socially responsible ecosystem is key to inclusive, equitable growth that can benefit us all.
The contribution of our people in this regard is extremely encouraging and reassuring, giving us the strength and confidence to intensify and expand our programmes every year.

We continue to maintain our focus on what we recognise as the pillars of stability and growth of communities, namely education, skill development, healthcare and hygiene, and water management. We are running numerous programmes that help support people from various marginalised communities. Our dream is to help them realise their true potential and make them empowered participants in the larger, mainstream society.

Headlining our activities during FY2018-19 was our string of initiatives in the domain of disaster management, and the participation of our employees in SPARSH, which is our source of pride.

Amount spent in each focus area during FY2018-19

Education (including employability)
₹ 9.35 Crores

Skill development (through Colour Academy)
₹ 25.09 Crores

Healthcare and hygiene (including disaster management)
₹ 9.93 Crores

Water management
₹ 8.33 Crores

Core values that guide our CSR activities

TRUST
Strive to have a deeper understanding of our domain

FAIR
Empowered to create value by being consistent in our thought, speech, and action

CARING
To protect and enhance the interests of our stakeholders

CORPORATE SOCIAL RESPONSIBILITY (Continued)

Education

We are enriching the 'school- going experience' as part of our commitment to encourage education for communities around us.

We are also strengthening the school infrastructure, which serves to motivate school children while also providing them with a more conducive environment for consistent learning.

Our education programmes are aimed at reducing the dropout rate; they also include special education measures towards enhancing learning outcomes for special children. In the true spirit of inclusion, we support every stage of the child's education, facilitating all-round development.

Key intervention areas

- Enriching learning outcomes with e-learning initiatives
- Improving infrastructure and other facilities through school adoption programme
- Motivating students from economically backward families with scholarships
- Reduce school dropouts and bring back students into the fold of formal education with structured programmes

Learning Enhancement Programme

This programme is aimed at improving the learning levels of children in government-run schools of Maharashtra, and has benefitted 870 students in FY2018-19 in various parts of the state.

We also equipped various schools and colleges with benches, desks, Smartclasses, tablets and an IT lab. These projects had a positive impact on 1,300+ students. Moreover, we provided bicycles for girl students to ease challenges regarding commute, which helped to reduce absenteeism.

School adoption and improvisation

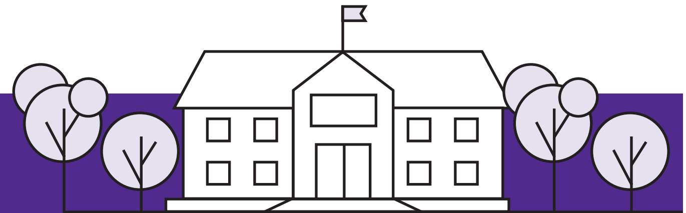
Through our school adoption and improvisation model of intervention, we have intervened in schools which caters to children from less-privileged background. During FY2018-19, we assessed the requirements of 5 selected schools in Mumbai in terms of quality of education, capacity development of teachers and have provided support and intervened to fully adopt the school.

One for One – Naya Savera

Naya Savera is a programme designed for school dropouts from less-privileged communities. Through this programme we train them on communication skills, life skills, maths, basic computers, business skills and logic. The programme focusses on making them job ready and enables them to earn a livelihood and a respectable life.

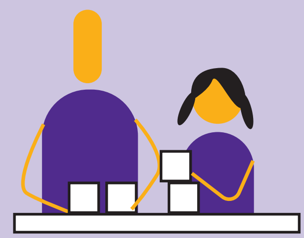
Our first batch of 23 graduates from Mumbai passed out in February, 2019.

The details of beneficiaries are as provided by various NGO partners to the Company.



Enhancing learning outcomes

Manaswi was a class III student in Maharashtra, who could not identify letters of the alphabet properly when she joined our learning camp organised in collaboration with Pratham Education Foundation. She was reluctant to participate in group activities. We understood that Manaswi would learn better through games and started involving her in various activities, giving her more chances to come up and speak to others in the class. Slowly, as her confidence grew, she became more participative and started being involved in group games. Today, Manaswi understands languages better, participates enthusiastically in activities and communicates confidently with her teachers.



Driving science education

We intend to intensify student involvement and participation in science activities, thereby enhancing the quality of science education in India. During the year under review, we collaborated with Kutuhal Science Activities Pvt. Ltd. to organise science workshops and deliver science kits to school children between the ages of 6 and 15 years.

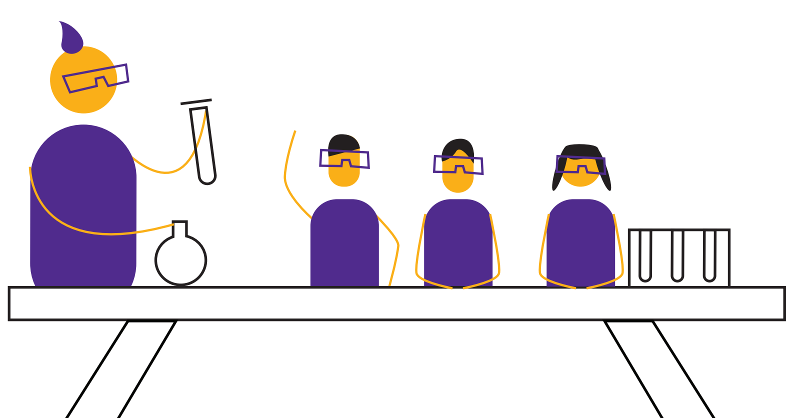
Project TABLAB

Our TABLAB programme offers students educational content in multiple categories in local languages. It further enables teachers to track the students' progress through cloud-based reporting dashboard. The programme is available at 28 centres in Mumbai, Satara, Rohtak, Kasna, Patancheru and Vizag currently.

The programme has facilitated ~61,064 hours of digital learning and reached over 6,000 students.

~61,064 hours

Of digital learning enabled and reached 6,000+ students



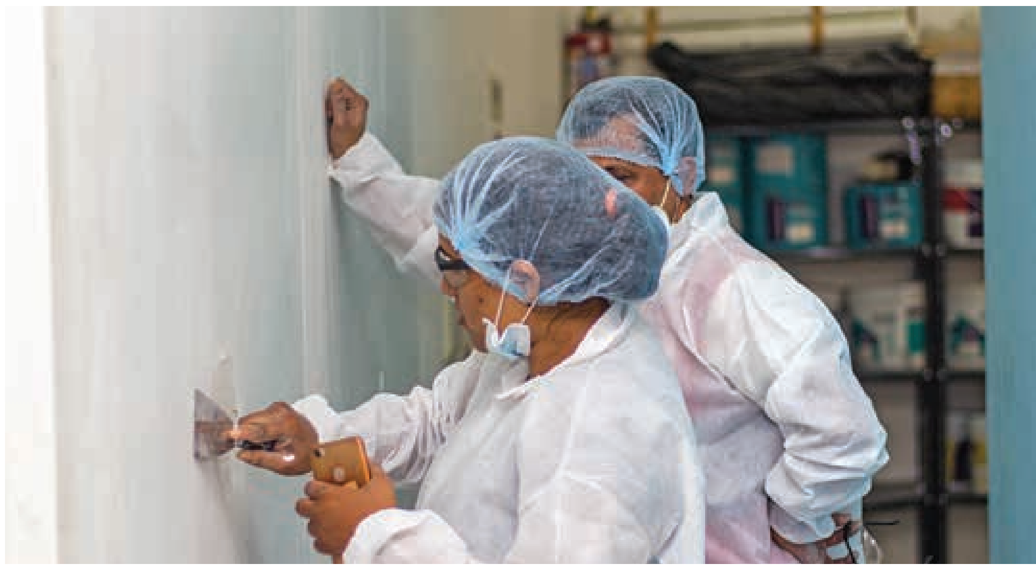
CORPORATE SOCIAL RESPONSIBILITY (Continued)

Skill development

We are helping people to develop skills that may make them more employable and empowering them to leverage the emerging opportunities.

We are committed to the National Skill Development Mission and are contributing towards upskilling of India's unorganised workforce.

At the Asian Paints Colour Academy, we train individuals in a range of vocational courses that help enhance the skills of painters, applicators, carpenters and workers, providing them better opportunities to find work in the industry. We impart technical information, prepare content and deliver training modules.



Colour Academy works on

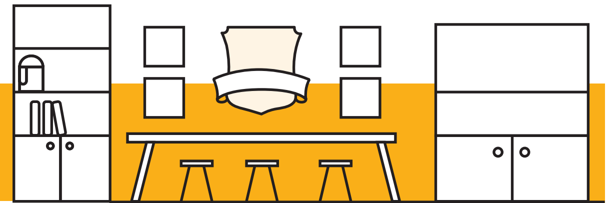
- Skilling and vocational training
- Technical knowledge distribution
- Productivity and livelihood enhancement for dignified living
- Value creation in delivering impactful solutions to the people involved in the painting industry

Number of participants for various courses

3,639
Basic Painting Course (BPC)

11,602
Exterior designer finishes

46,110
Interior designer finishes



Reaching new milestones with Colour Academy

Mr. Haripal earned his living as a painter and his technical knowhow involved application of enamel paints and polishes, and distempers. This limited his income and he had no opportunities of growth. After he joined the Colour Academy and received trainings in waterproofing, mechanisation, interior finishes, wood finishes, wallpaper & decals in January 2019, he gained immense confidence and has started his own business. Today, he is a contractor himself and employs others.

Our institutes have contemporary training facilities for providing hands-on experience to the participants.

The Colour Academy seeks to participate in Skilling India to become a hub for best skills in the paint application trade.

Partnering with NSDC

We collaborate with National Skill Development Corporation (NSDC) to deepen the impact of our skill development programme. NSDC monitors, evaluates, and certifies our Colour Academy candidates upon course completion.

1,15,000+

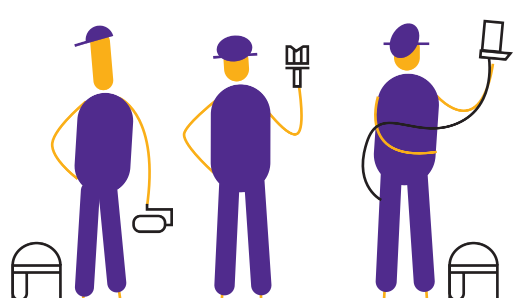
Total number of participants at Colour Academy in FY2018-19

6,463
Wallpaper

11,560
Wood finishes

18,752
Mechanisation

20,207
Waterproofing

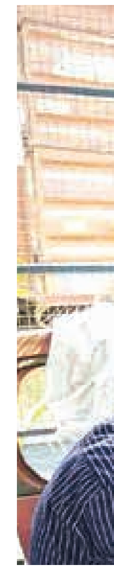


CORPORATE SOCIAL RESPONSIBILITY (Continued)

Health and hygiene

Health is a crucial aspect of community development. We constantly endeavour to deliver reliable and specialised healthcare facilities for communities in our vicinity.

We are creating strategic partnerships with organisations working to improve people's access to quality healthcare and sanitation facilities.



Key intervention areas

- Delivering primary healthcare support and free medical camps for rural communities
- Equipping mobile medical units and ambulances
- Helping complete sanitation projects
- Leading awareness programmes for communities on health and hygiene
- Providing access to potable water
- Facilitating 'Safar', an ongoing programme, to improve health awareness among truck drivers

The details of beneficiaries are as provided by various NGO partners to the Company.

Project Drishyam

Drishyam is one of our major healthcare and welfare initiatives. It serves the underserved communities across India's interiors, providing eye check-ups and treatments. During FY2018-19, the programme reached 1,822 people, under which spectacles were distributed to 887 patients and eye surgeries were organised for ~161 patients at hospitals.

We also provide healthcare support among rural communities residing near our manufacturing units through specialised medical camps. Patients requiring medical attention after being diagnosed with ailments are referred to local hospitals.

Project Swasth

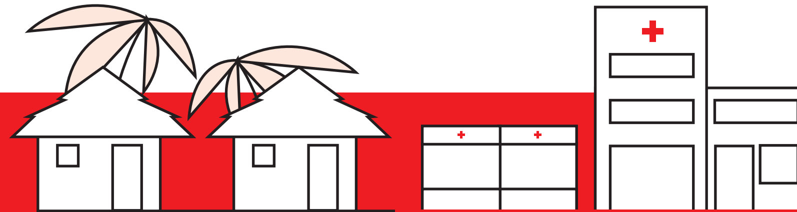
The programme is specifically designed to provide healthcare facilities to urban slum-dwellers. It provides low-cost yet quality healthcare, including consultation with general physicians, dental care, and pathology tests. Swasth clinics draws an average footfall of 45 patients per day and organises specialised clinics on diabetes and blood pressure screening, among others. We offer these facilities through financially sustainable health centres.

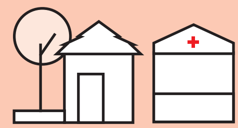
Delivering mobile medical care

We are providing healthcare facilities through Mobile medical units(MMUs) in numerous villages near our manufacturing locations of Patancheru, Sriperumbudur, Kasna, Rohtak, Khandala and Mysuru. These MMUs are focused on providing medical checkups and conducting free health camps around the communities.

Project Safar

Safar is our special healthcare programme directed towards improving health awareness and medical care facilities among truck drivers. The project uses unique mass communication techniques like *nukkad nataks* (street plays), games, interpersonal communication sessions and films to spread awareness on various health issues targeting truck drivers like ergonomic illnesses, AIDS, skin diseases and gastritis, among others. During FY2018-19, Project Safar reached 21,171 new





Receiving the right medical care

Andada village lacked proper healthcare facilities and its residents had to travel for miles to get medical care before Asian Paints introduced free medical camps in association with a hospital within reach. Today, the villagers, especially those who are financially distressed, look forward to these diagnostic camps facilitating medical care.

truckers and the Safar Clinics recorded 22,601 footfalls. Overall, the programme has covered 40,154 individuals through its behavioural change communication initiatives.

Offering access to better sanitation

During FY2018-19, we built a new set of toilets in Garhi Bohar Government School, Rohtak (Haryana), as the previous building lacked a roof and had low walls that jeopardised the safety of girl students. The newly installed toilet complex now has a proper roof and a high boundary wall, along with running water and a proper drainage system. The project has enabled ~200 girls pursue their education without worrying about their safety.

Beat the Plastic

We steered an awareness drive regarding the hazards of utilising single-use plastics in Sriperumbudur. The initiative called Beat the Plastic led to collection of 200 kg of plastic, which was then repurposed to make a 2.261 km long rope in the city.

Disaster relief: Helping revive normal life in Kerala

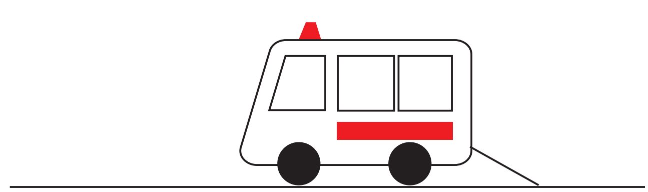
After the devastating Kerala Floods of 2018, we partnered with HelpAge India to provide resources, manpower, and logistical support for on-ground relief and rehabilitation for the victims of the floods. We collaboratively helped 577 families restart normal life; 1,459 people received treatment through Mobile Medicare Units (MMUs) during the initial 8 days, distributed 577 relief kits to different families and ensured 1,533 patients received medical care in follow-up camps for 45 days.

2,800+

Beneficiaries of Project Drishyam

21,171

Unique truckers reached in FY2018-19



CORPORATE SOCIAL RESPONSIBILITY (Continued)

Water management

We are helping communities conserve and preserve water by providing necessary support for water management.

Key intervention areas

- Installing rooftop rainwater harvesting units and recharge systems in villages and schools
- Promoting integrated watershed development in areas around our manufacturing locations

Projects on groundwater recharge

We are creating potential for water storage in areas around our manufacturing locations with well-planned interventions like DHAN and REFILL.

Harvesting rainwater

We have been promoting integrated water harvesting resources that involve rainwater harvesting as well. These measures enable creation of water potential. We also provide necessary assistance in setting-up rainwater harvesting structures.

Rejuvenating water bodies

We are helping to revitalise water bodies, near our plant locations, by desilting them, constructing dams and building their water storage capacity. We are partnering with National Agro Foundation and Bosconet to co -develop projects in water management, which will lead to water rejuvenation, rainwater harvesting and creating water potential.

The details of beneficiaries are as provided by various NGO partners to the Company.

Employee Volunteering

At Asian Paints, we encourage our employees to participate in volunteering activities that strengthen our ability to deliver the CSR initiatives of our Company. During FY2018-19, more than 123 employees participated in four events that directly impacted over 1,200 beneficiaries in Mumbai.

We have SPARSH–which is a translation of our organisational values and commitment to communities, business and the nation as a whole as our overarching programme for employee volunteering.

SPARSH is a belief that active and empathetic engagement with communities and causes can bring inclusive growth. It is an active effort to create a positive change that we wish to see around us by actively engaging with our communities to change lives.

We launched our first initiative under SPARSH in January, 2019 through an effective engagement of our teams with relevant communities and beneficiaries. Under Sparsh we launched four key programmes.

01 Expressions

Expressions is our attempt to engage with students and understand their hopes and expectations from their school. Our employees engaged as group leaders among groups of students and helped them understand and brainstorm for mining meaningful suggestions for making their schools better. Our employees guided these children to design initiatives that will enable us to build the right infrastructure for their dream school.

02 One-for-one Naya Savera

This programme involves training and skilling less privileged school dropouts and making them job ready. Our employees serve this programme as mentors and guide these young minds by contributing weekly sessions for six months. The programme nurtures the mentees to be self-reliant and after its completion, they start a new phase of their lives with conviction and optimism about their future.

03 meSuperhero

meSuperhero is a Sparsh intervention that celebrates the lives of children suffering from life threatening diseases. We believe they are truly our real superheroes and our employees blend together to give these children and their families a reason to smile. We create beautiful memories by fulfilling the wishes of these children and delivering joy to them.

04 Plogging

Plogging is a concept that encourages people to stay healthy by running and cleaning their vicinity, literally by picking waste strewn on roads. It assists people to stay in shape and helps the environment, as well. Our employees participated enthusiastically in plogging and created awareness for clean and hygienic surroundings. Our team collected 1 tonne of waste materials under this project.

Going forward, we will continue our journey of bringing positive change to our communities and enhance engagement among our people. Our conviction and commitment are a constant motivation for building a future of inclusive and positive growth.

Management Discussion and Analysis

ECONOMIC ENVIRONMENT

Global economy

FY2017-18 was characterised by broad-based and synchronised growth across all major economies. On the contrary, FY2018-19 saw a range-bound global economic growth, largely supported by the continued strong momentum in the US economy. The growth trend, coupled with tight labour market participation, pushed the US Fed to increase its policy rates four times during the year, each time by 25 bps. At the same time, growth in the Eurozone slowed down due to the high deficit concerns in Italy and political uncertainties around Brexit.

The cyclical global growth phase appears to be slowing down and this could potentially impact the export sectors in the economy. Moreover, the consequences of the ongoing US-China trade talks as well as the final outcome of the now-delayed Brexit will have ramifications on supply chain networks and financial markets across the globe. As always, a lot would also hinge on the crude price stability as well as stable foreign exchange markets to support the global growth.

India

On the domestic front, the full-year GDP growth rate is pegged at 7% for FY2018-19. This was due to the waning effects of the demonetisation exercise and the disruption in supply chains following the implementation of the Goods and Services Tax (GST). However, the growth trends continued to remain choppy throughout the year. Industrial activity across sectors showed only a marginal improvement as labour-intensive sectors such as textiles, gems and jewellery, leather, etc. continued to struggle throughout the year. Crude prices saw a significant uptrend in the first half of the year, rising by more than 40% before retracing back during the second half. However, overall inflation in the economy remained contained on the back of low food prices resulting from higher agriculture output and low global food prices.

Consumer sentiments remained suppressed for most part of the year with urban consumers feeling the overhang of inadequate job/income growth and high oil prices. At the same time, persistent deflation in food prices and lack of Minimum Support Price (MSP) realisations adversely impacted rural demand. In addition, credit growth was severely affected in the second half of the financial year with the non-banking financial sector under stress from defaults by a few large players in the sector.

The Indian currency saw a significant depreciation, falling to lows of 74.3 per USD mark mid-year before recovering. The last month of FY2018-19 saw the Rupee recover sharply to 68-69 per USD range on the back of renewed portfolio inflows as well as revised views on a likely long pause from the US Fed on its interest rates.

Outlook

FY2019-20 is likely to start on an uncertain note due to the after effects of the general elections in the country. Varying early indications of the monsoon season might only add to this uncertainty as the rural economy still depends to a great extent on rains, especially given the low reservoir levels across the country. Recent round of policy rate cuts announced by the Reserve Bank of India are expected to alleviate the tight credit conditions that have persisted since the second half of FY2018-19 and thus provide a boost to the industrial sector. The construction segment is expected to stay depressed with the money markets being tight and it is expected that the premium to luxury segments will see lower growth.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

INDUSTRY REVIEW

Paint Industry

Industry overview

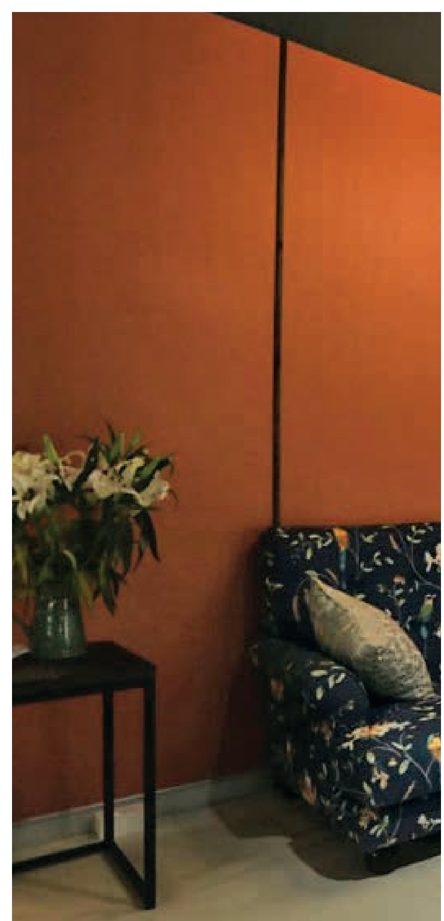
The domestic paint industry is estimated to be a ₹ 50,000 Crores industry with the decorative paint category constituting almost 75% of this market. The decorative paint market includes multiple categories depending on the nature of the surface like exterior wall paints, interior wall paints, wood finishes, enamels as well as ancillary products like primers, putties, etc. The industrial paint category constitutes the balance 25% of the paint market and includes a broad array of segments like automotive coatings, marine coatings, packaging coatings, powder coatings, protective coatings and other general industrial coatings. The domestic paint industry still continues to have a sizeable 30-35% share of unorganised players which primarily cater to the low end of the product basket. The paint industry continues to see the emergence of small to medium level new paint players who continue to put pressure at the low-end emulsions.

Industry trends

Over the second half of the previous financial year, the paint industry had gradually returned to normalcy from the de-stocking effects of the GST roll-out. However, the first half of FY2018-19 was impacted by supply chain disturbances due to the GST rate reduction from 28% to 18% leading to a bit of de-stocking in the distribution channel. The longer festival season ensured that there was good growth in the paint industry in the Sept-Oct period. The paint industry experienced significant raw material price inflation during the year with rising crude prices and depreciating currency and this led to a few rounds of price increases by the industry players to shore up margins.

The automotive coatings market is primarily dependent on the auto and two-wheeler industry builds and the significant slowdown faced by the auto-industry impacted the demand conditions for automotive coatings products.

Non-automotive industrial coatings market grew at a high single-digit rate during the year under review. While the organised sector was a clear beneficiary of the GST implementation creating level playing field across market segments, demand for industrial coatings remained sluggish due to low manufacturing growth and slowdown in infrastructure and power segments. Overhang of bad debts, rising policy uncertainties ahead of the general elections and lack of progress in



unclogging the pipeline of stalled projects brought down the growth in the industry.

Outlook

The demand outlook would depend on the outcome around the election results, monsoon progress which is crucial for supporting the rural demand and recovery in the construction and automobile sector. The shorter Diwali period will have implications with much lesser households getting repainted this year. Government's focus on infrastructure development would support the industrial coatings demand. The volatility affecting critical raw materials including crude oil as well as volatility on the exchange rates will need to be critically monitored to cushion the impact on profitability.

Kitchen solutions

Industry overview

The kitchen market in India is estimated to be worth more than ₹ 15,000 Crores consisting of the main product categories of hardware, cabinet/shutters, appliances and accessories. Only around 7-8% of this market is controlled by the organised players offering modular solutions, while the rest of the market is with the local unorganised players and local designers/carpenters. Within the overall kitchen market, the hardware category has an estimated market of ₹ 6,000 Crores, the wooden cabinets/ shutters market is estimated at ₹ 5,000-6,000 Crores and appliances and accessories have an estimated market of ₹ 1,000 Crores.

Industry trends

In India, a large majority of kitchen installations are undertaken by local carpenters directly or through architects. However, today, consumers are increasingly viewing modular kitchens as aesthetically appealing and space saving. They are ready to pay premium prices for superior quality finishes, top-end designs, latest technology such as soft-closing mechanism, seamless installations and warranty support. The industry is expanding rapidly with global players like IKEA setting base in metros and established organised brands like Sleek increasing presence across Tier II and Tier III cities. Online players are also investing aggressively, leading to a strong shift of consumers from unorganised to organised players.

7-8%

market is controlled by the organised players offering modular solutions

Outlook

The kitchen industry is highly fragmented, but offers immense potential for organised players in the long run. As a result, various players from big box retailers to home interiors to online players are setting models for selling modular kitchens. As new players are entering the market, it is not only intensifying competition, but is also leading to expansion of the organised market. In such a scenario, differentiated offerings and delivery of operational expertise and value to the consumers would determine the success or failure of players in the kitchen industry.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Bath fittings

Industry overview

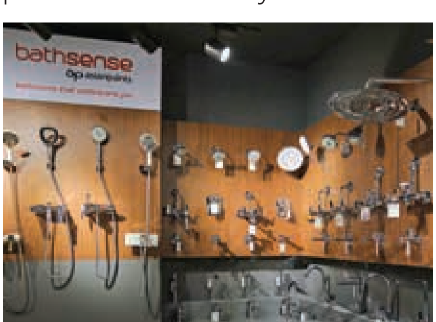
The bathroom segment in India consists mainly of sanitaryware, Chrome-plated (CP) fittings and tiles. The Company operates in the CP fittings market, which is estimated to be ~₹ 8,000 Crores, nearly 60% of which is estimated to be serviced by organised players. The industry is marked by several domestic and international brands, thus giving rise to healthy competition. With consumers' increasing preference for trusted quality and higher levels of performance requirements, the market share of organised players is expected to increase further.

Industry trends

The overall demand is directly proportional with the growth in housing and new construction. There is significant replacement and renovation demand as well, which continues to grow at a healthy rate, irrespective of swings in new housing demand. Growing incomes and aspirations have led to consumers upscaling expenditure on bathrooms. This is expected to increase the share of luxury and premium segments in the total fittings market. Correspondingly, demand for branded fittings is also catching up in smaller towns and cities.

Outlook

Apart from the surge in aspirational spending in the bath fittings segment, the government's drive towards improved infrastructure, affordable housing and the Swachh Bharat initiative are expected to be key drivers which will provide a sustainable growth platform for the industry.



Performance review

During FY2018-19, revenue from operations on standalone basis increased to ₹ 16,391.78 Crores as against ₹ 14,153.71 Crores in the previous year – a growth of 15.8%. The Profit after Tax for the current year is ₹ 2134.76 Crores against ₹ 1894.80 Crores in the previous year – growth of 12.7%. On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved revenue of ₹ 19,349.84 Crores as against ₹ 16,843.76 Crores – a growth of 14.9%. Net profit after non-controlling interest for the group for the current year is ₹ 2159.49 Crores as against ₹ 2038.93 Crores in the previous year – growth of 5.9%.

	Standalone		Consolidated	
Ratios	**FY2018-19**	**FY2017-18**	**FY2018-19**	**FY2017-18**
Debtors Turnover Ratio	13.76	13.27	10.60	10.58
Inventory Turnover Ratio (on Cost of Goods Sold)	3.95	3.65	3.91	3.67
Interest Coverage Ratio^	107	137	66	88
Current Ratio	1.63	1.62	1.52	1.55
Debt Equity Ratio	0.002	0.002	0.07	0.06
Operating Margin Ratio	21.9%	22.6%	19.4%	20.3%
Net Profit Margin	13.0%	13.4%	11.4%	12.0%
Return on Net Worth (RONW)*	25.6%	25.4%	24.1%	25.5%

^ *Change in Interest coverage ratio is due to the impact of higher interest cost resulting from increased borrowings in international operations.*

* *RONW for standalone: As compared to FY2017-18, FY2018-19 RONW is higher by 0.56%, mainly due to 12.66% growth in PAT against the 12.04% growth in average Networth.*

* *RONW for consolidated: As compared to FY2017-18, FY2018-19 RONW is lower by 5.40%, mainly due to the higher dividend amount paid in FY2017-18 (which included payment of special dividend of Rs. 2 per share) as compared to the dividend amount paid in FY2018-19 which resulted in higher increase in the Net Worth for FY2018-19.*

BUSINESS REVIEW

Decorative paints business in India

Business overview

Asian Paints has emerged as one of the most preferred paint brands in India. With state-of-the-art manufacturing plants, extensive distribution and cutting-edge marketing initiatives, the Company is catering to a wide cross-section of customers with a comprehensive product basket across varied price points. Its products are categorised under four segments – interior wall, exterior wall, wood finish and metal finish. In order to fuel the paint category, the Company has introduced segments like waterproofing to offer solutions to customers and partnered with painting contractors to bring in mechanisation in the paint market by introduction of tools. The Company has leveraged its distribution strength by introducing adhesives for decorative purposes.

Business progress

Despite the challenging operating environment, Asian Paints was one of the fastest growing companies and registered good growth across geographies. Its sales revenue has grown in healthy double digits in FY2018-19.

The Company's Retail Channel business has seen good growth across all regions. However, the floods in Kerala had some impact on the overall growth in southern markets. All the key network tiers have grown in double digits, leading to a balanced holistic growth. The Company continued its expansion of dealers in the ever-expanding metro suburbs and smaller cities and towns across the Tier II/III/IV geographies. Strong focussed work on engagement with painters and contractors, multi-layered dealer network engagement and targeted marketing activations have been the hallmark of this year's growth story.

The Projects Business registered spectacular growth with handsome market share gains. The Company continued its foray with builders , hotels and institutions and was also able to get some good projects in the waterproofing area. The Services vertical has become a pillar of growth in specific product and customer segments. Through this vertical, Asian Paints continues to partner with the customers and is able to reach out to influencers like painters, architects and interior designers.

Product segments

Asian Paints continues to expand the market and work on increasing the per capita consumption of paint. The work on upgradation was taken up strongly and lots of marketing initiatives and communication programmes were taken to fuel this. This has resulted in propelling the growth of the distempers and the economy emulsions in FY2018-19 and gaining market share in these segments.

At the luxury end in emulsion paints, the Company has continued its steady march and consolidated its market share further. Royale Health Shield, a unique anti-bacterial world-class product, led the growth in interior luxury category. In the luxury end of wood finishes, the Company has increased its market share. In the Exteriors category, Ultima has done quite well and the Company was able to launch various variants to offer new propositions to customers. Through its range of Polyurethane

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(PU) and Polyester products, in collaboration with Renner, Italy, the Company has now established itself as the best-in-class in the luxury wood finishes segment.

The Company continued to excite the customer at the top end offering inspirational and exciting décor stories in its range of Nilaya Wall Papers , Royale Play textures and Allura range of exterior textures. The Company offers signature experiences to customers through its wide ranges available through its Colour Idea network across 300 towns in the country.

New products

The Company continues to excite the customers with a slew of innovative and path breaking new products and a good sizeable growth of the Company comes from the contribution of new products. Anti-rust metal coatings, Shyne variants in emulsions, hyper stain resistant coatings in exteriors and 'health and hygiene' coatings in interiors are some of the breakthrough innovations launched by the Company during the year. The Company has also focussed on a range of 'problem solutions' such as products for cracks, surface levelling and water resistance. The Company truly believes in offering the best value for the consumer's money and accordingly orients its efforts in research to bring out new cost-effective solutions.

Home décor business

Asian Paints continued its foray in the home décor business to truly realise its vision of being the most inspirational home décor brand by partnering consumers in making their dream homes. A new Design and Décor vertical is now on a mission to establish the Company's décor expertise and drive its point of view of 'Décor with a purpose – Decorate for Happiness – across all the consumer touchpoints of the Company.

The digital properties of the Company namely, 'beautifulhomes.com' and 'asianpaints.com', have grown to be the most sought-after digital décor destinations. The Company launched a consumer app that has seen significant success within its first year itself.

'AP Homes' Stores continue to be the Company's flagship décor delivery channel offering complete Décor Solutions under one roof. They are multi-category décor stores offering décor inspiration, engaging in-store experience, personalisation consultations and holistic décor execution across multiple categories such as paints, water proofing, wall paper, kitchens, bath, wooden flooring, light fittings and soft

Inside shots of AP Homes

The Company continues to partner with the customer to help them make their dream homes.

furnishing, among others. The stores have huge technology and digital interfaces offering customers a world-class consumer journey and a cutting-edge Phygital (Physical + Digital) experience. The stores also offer cutting-edge services as Design Solutions which is a one-stop design apply and supply solution so as to delight the consumers. The footprint of AP Homes has now been expanded to five fully operational stores and many more are in the pipeline.

The Company continues to partner with the customer to help them make their dream homes. It continues to handhold the customer through a large number of colour consultations and also apply and supply services like the AP Home Solutions and Paint Total which are now available across a large number of cities .

International operations

Asian Paints has been partnering customer aspirations and transforming their living spaces in 15 countries across four regions of the world – Asia, Middle East, South Pacific and Africa. The Company succeeds in its endeavour to meet customer needs through eight corporate brands, namely Asian Paints, Berger, SCIB, Apco, Asian Paints Berger, Taubmans, Causeway and Kadisco.

The Company continues to focus on establishing its presence in high- growth emerging markets, especially Africa and Asia. It divested its operations in the Caribbean region (in Jamaica, Barbados and Trinidad and Tobago) in July 2017.

Operating scenario

The FY2018-19 has been challenging for the Company's international business due to continuing subdued economic conditions in most of the markets where it operates. At the start of the year, the Company expected a modest recovery from the FY2017-18 levels. However, the overall market conditions remained challenging across most geographies. Further, the overall gross margins dipped due to raw material inflation. Together, the slow market conditions and margin pressures resulted in a dip in the bottom line performance compared to the previous year.

In FY2018-19, as the US Fed raised interest rates by 1%, emerging market currencies depreciated rapidly against the Dollar, leading to increasing inflation. The worst affected was the Sri Lankan Rupee, which depreciated by 13%; other currencies hit were the Indonesian Rupia by 4%, the Nepalese Rupee by 6%, Singapore Dollar by 4% and the Fijian Dollar by 5%. Further, oil prices were extremely volatile in FY2018-19, starting the year at US$ 65 per barrel, rising to US$ 75 in October 2018 and then falling to US$ 42 in December 2018 before rising again to US$ 60 in March 2019. Going forward, factors such as US sanctions on Iran, slowing world growth, etc. are likely to keep prices volatile.

Business progress

Overall, on a comparable basis, international business has performed better in terms of sales but adversely in terms of profits when compared to FY2017-18. The performance in FY2017-18 was further bolstered by the profit on sale of the Caribbean operations.

The Company expects only a moderate recovery in FY2019-20 as conditions are unlikely to rapidly change in most of the markets but is optimistic about the medium-term growth potential of most of the markets in which it operates.

Africa

The currencies of Egypt and Ethiopia, which had seen devaluation in recent years, remained stable against the US Dollar in FY2018-19. However, inflation remained high in the range of 20% in Egypt and 13% in Ethiopia. Due to this, in Egypt, paint demand was weak while cost pressures were high. In Ethiopia, the foreign exchange availability remained scarce. Our unit was hence constrained to produce under its normal capacity due to lack of foreign exchange to source the requisite imported raw materials. As a result, both these operations witnessed a degrowth in sales and profits in the year, dragging down the overall performance of the Company's international business.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Rebranding in the Middle East Region

Middle East

Retail conditions remained poor across the region and housing/construction remained dull. The UAE introduced VAT for the first time in January 2018 further aggravating the poor conditions. Bahrain followed suit by introducing VAT in January 2019. The Company undertook a rebranding exercise in the year in the region, wherein the Berger brand used in these retail markets was replaced with a cobranded logo, Asian Paints – Berger. Several marketing activities around this were initiated, and this is expected to continue into FY2019-20.

Asia

Sri Lanka suffered from rapid currency depreciation, lacklustre consumer demand and extremely volatile political conditions, coupled with a slowdown in government spending. Nepal also witnessed a slowdown in construction activity. In Bangladesh, while the overall economy continued to do well, the paint sector witnessed a decline – affected probably by political conditions/elections and unseasonal rains. However, Bangladesh remains an area of great potential in terms of economic growth and is likely to witness better performance in the paint sector going forward. Indonesia continued to do well, with the economy growing at 5%. In Singapore, retail conditions were good, while paint sales to projects and industrial business continued to be weak.

For Asian Paints, the Nepal unit performed well in FY2018-19 with growth in sales and profits. The Company's Indonesia unit grew very well in terms of top-line, as per expectations. However, since the unit is a greenfield venture in only its third full year of operations, it is currently sub-scale and is incurring a loss. We are however optimistic about the potential for this unit. Our units in Sri Lanka and Bangladesh under-performed this year in terms of both top- and bottom-lines, due to the challenging conditions. We are hopeful of a moderate recovery in performance in the coming year.

The Company undertook a rebranding exercise in the year in the Middle East region, wherein the Berger brand used in these retail markets was replaced with a cobranded logo, Asian Paints – Berger.

South Pacific

In Fiji and other South Pacific islands, the GDP growth is estimated to be around 3%. Government spending has reduced compared to earlier years. The Company's units in these markets have therefore performed lower than the previous year in sales and profits. In FY2018-19, the Company initiated a brand rejuvenation of its Apco brand to make it more contemporary.

Other initiatives taken

In Nepal, Indonesia, Ethiopia and Causeway Paints at Sri Lanka, the Company completed several production capacity expansion projects (within existing premises) to ensure that the units have sufficient capability to meet the next few years demand.

Further, to strengthen the software backbone of its international units and align the ERP/MIS capabilities with its India operations, the Company launched a project to implement SAP ERP in all units, which is likely to be completed by end of FY2019-20. Two units went live successfully in FY2018-19.

Home Improvement business in India

Asian Paints' home improvement division is spread over the kitchen and the bath business. Through this venture, the Company's focus has been to help its customers create kitchen and bathroom spaces of their choice for their dream homes. The home improvement division complements the Company's vision of being a complete décor solutions provider.

Kitchen business

Asian Paints forayed into the kitchen business by acquiring 51% stake in Sleek International Pvt. Ltd. (Sleek) in FY2013-14. During FY2017-18, the Company acquired the remaining 49% stake in Sleek from the previous promoters to make it a 100% subsidiary.

'Sleek by Asian Paints' is the brand through which Sleek operates. Sleek operates in two main categories, namely kitchen components and full kitchen solutions. Sleek Kitchen Components is the B2B-/ distributor-/ dealer-driven wholesale channel through which the Company sells its range of hardware, accessories and appliances for retail markets. Sleek Full Kitchen Solutions is the B2C modular kitchen business operated through a mix of Company-owned stores as well as franchisees across India.

Business progress

After 4 years of moderate growth, Sleek recorded extremely good growth in FY2018-19. The modular kitchen business through the franchise channel has been the success story for the year, with aggressive expansion and onboarding of new dealers. Sleek now has more than 150 such franchisee outlets across the country.

Sleek operates in two main categories, namely kitchen components and full kitchen solutions.

Wardrobes is the other modular category that is being pursued by Sleek. This year, the category witnessed a strong growth although on a very low base. Sleek launched various wardrobe accessories to complete the range. The Company launched a Store Smart range of accessories consisting of midway accessories and organisers to declutter the kitchen. These products give a premium look to kitchens and can be retrofitted in existing kitchens as well. The Company also inaugurated its flagship retail store in Pune in September 2018 at a very prominent location. The store has generated a strong buzz in the market and has helped generate a high number of leads.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Bath business

Asian Paints forayed into the bath business by acquiring the front-end business of Ess Ess in FY2014-15. Over the years, the Company has worked on improving the scale of the business by expanding the geographical spread of its network as well as by expanding its product portfolio. The Company envisions a new world of bath products and solutions, where the consumer can actively look at solutions and customised offerings. Continuous research on new products has secured its capacity to remain attuned to the changing aesthetical and functional demands of the market.

Business performance
The business grew well during FY2018-19 with sales rising steadily during the year. The Company added more than 650 new dealers, including more than 50 showrooms, thereby further expanding the network throughout the country. Focussed approach on project sales was successful in reaching out to builders, institutions, Government establishments, including MES and Railways.

New products namely, BathSense Fittings and Sanitaryware and new collections in the Royale range were positively accepted in the market and have contributed to the overall sales. Brand building exercises, including TV commercials left a successful impression, aiding sales at the top end and will be continued in the coming years. The product-feature based approach of positioning brand 'Bathsense' has been received quite well in the market.

The Company envisions a new world of bath products and solutions, where the consumer can actively look at solutions and customised offerings.

Upcoming Resin manufacturing facility of PPG-AP at Dahej.

Industrial business in India

Asian Paints operates in the industrial coatings segment through two 50:50 Joint Ventures with PPG Industries Inc. USA. Of the total industrial paint demand, about two-thirds come from the automotive sector.

Automotive, industrial, refinish, packaging and marine coatings

PPG-AP, the first 50:50 JV of the Company with PPG Industries Inc., USA, for manufacturing automotive OEM, refinish, marine, packaging and certain industrial coatings, is the second largest supplier in India. The segment has exhibited moderate growth in FY2018-19.

Operating environment

The coatings market has continued to see investments and capability building in terms of manufacturing capacities, preparation for BS-VI compliance, R&D expansions and mobility. Business growth is primarily driven by the auto and two-wheeler markets, which grew at a low rate of 0.1% and 5.8%, respectively, during the year. Moreover, post October 2018, the builds in auto and two-wheeler markets have slowed down significantly, thereby putting increased pressure on all companies in the automotive coatings segment.

Business performance

PPG-AP has registered moderate growth in sales. However, the profitability has been unfavourably impacted by material inflation and volatile currency. The Company has been able to secure certain price increases though with a time lag effect and succeeded in new business wins. The Company has witnessed good growth in the industrial, packaging and marine businesses, while growth in the automotive and refinish segments has been moderate, impacted by lower demand.

PPG-AP has commissioned an automotive dispense cell at its manufacturing facility at Sriperumbudur, Tamil Nadu. Setting up of the resin plant at Dahej, Gujarat, is progressing as per timelines.

Non-auto industrial coatings

AP-PPG serves the non-auto industrial coatings market of India and is the Company's second 50:50 JV with PPG Industries Inc., USA. The joint venture caters to protective coatings, floor coatings, road marking paints and powder coatings segments servicing customers in the infrastructure, oil and gas, power plants, white goods sectors, among others.

Operating environment

The industrial coatings market continued to face challenges posed by low growth in the manufacturing sector in the country and slowdown in spends on infrastructure and power sector. Tight liquidity conditions, especially among the small to mid size manufacturers also led to subdued demand environment.

Business performance

AP-PPG's strategy to focus on geographical expansion and enhancement of product portfolio through customer acquisition and product launches resulted in substantial growth in Protective Coatings and Powder Coatings market segments. Introduction of innovative products and systems helped the Company garner good share of business in the infrastructure segment.

Through the year, material cost inflation due to increase in prices of key raw materials especially crude oil and its derivatives impacted margins. A series of price increases and overheads control helped the Company to offset the impact of input cost inflation. Overall, AP-PPG registered good growth in terms of revenues and posted profits, though lower, in a challenging year.

Bogibeel bridge over brahmaputra river in assam coated with AP-PPG Coatings, EPC contractor HCC

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

HUMAN RESOURCES

Asian Paints considers human resources to be its most valuable asset. The Company credits its growth and success to the dedication, loyalty and hard work of its skilled employees, at all levels. To continuously drive employee motivation, the Company offers a work environment that promotes creativity, teamwork, meritocracy, ambition and learning.

The Company encourages learning on the job and facilitates various training programmes for its employees. It develops talent through learning journeys anchored around the competency framework. The leadership competency framework for the organisation has been fully integrated with various HR processes like recruitment and people review process. Functional competency frameworks for different functions in the Company have been developed and are now being used to create learning curriculum/ academies and drive excellence in each function. The Company also interfaced with external thought leaders and organisations in a sustained manner through initiatives such as Xchange, which allowed for cross-pollination of ideas across different organisations on different domains.

Nurturing ideas

The Company had implemented 'Start-up Inside', an initiative to foster and promote a culture of innovation. Business cases were prepared based on the concepts and various inputs received from employees. A multi-step rigorous evaluation was undertaken to identify the business idea that would be taken forward and two concepts were further pilot-tested on the parameters of feasibility and business value.

This year, a new category of Team Awards was introduced under the ‘MD & CEO Awards’. Five individuals and one team who have made a lasting impact on the organisation through their contribution were recognised. With such initiatives, the Company is creating an agile organisation that recognises contribution and encourages innovative thinking.

This year, a new category of Team Awards was introduced under the ‘MD & CEO Awards'

ENVIRONMENT, HEALTH AND SAFETY

Environment

Asian Paints released its fourth Sustainability Report for FY2017-18, in which disclosures on environmental performance for the year were detailed. The Sustainability Report will be published for FY2018-19 as well, with emphasis on product stewardship, environment, health and safety, and community.

In FY2018-19, Asian Paints' six decorative paint factories have continued to act upon the following areas of environmental sustainability:

- Improving water replenishment by investing in community rainwater harvesting structures
- Reducing non-process water consumption by focussing on collection of rainwater to use in process after purification
- Reducing electricity consumption
- Increasing the contribution of renewable sources in electricity usage
- Reducing trade-effluent generation
- Reducing hazardous waste generation

The two new factories at Mysuru and Visakhapatnam (Vizag) have been designed and commissioned as Green Factories adhering to the certification standards of Indian Green Building Certification (IGBC). These two factories have implemented the learnings and best practices from all other factories. The factories will report on the above metrics of environmental sustainability going forward into the next year.

Asian Paints focussed on investing in constructing rainwater harvesting structures in the communities surrounding its manufacturing facilities. The objective is to enable communities to conserve water, ensuring availability during the water-scarce summer months. The Company has been able to replenish 544 million litres of rainwater near factory locations, whereas the freshwater consumption in factories was around 555 million litres.

During the past year, the Company has prioritised reduction in electricity consumption in manufacturing, significantly reducing costs as well as carbon footprint during the manufacturing stage. The Company has identified renewable energy generation as one of the focus areas and investments are being made in this area. In FY2018-19, ~3MW of rooftop solar power and ~6.3MW of wind power was commissioned. This, along with all previous investments, helped the Company source ~51% of its total electricity requirement at its eight paint manufacturing locations through renewable energy means.

Over the past 2 years, the Company has contributed towards improving different aspects of biodiversity at the Sriperumbudur factory. The CII acknowledged this effort through the CII-CESD Commendation Award in the Biodiversity Domain Excellence category.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Mysuru Plant, Karnataka

Health and safety

To provide its employees with a safe working environment, Asian Paints endeavours to follow industry-accredited best practices in health and safety management across its operations. The Company is committed to the safety of its workers, to protect the environment and to maintain the integrity of its assets. The Company's goal is to enhance safety in its field units and prevent accidents.

All the decorative manufacturing plants follow the Asian Paints Safety Manual, which is based on British Safety Council Specifications for Five Star Safety Audit. During the year FY2018-19, the Rohtak plant has successfully completed Five Star Safety Audit of the British Safety Council.

The Company has drawn a holistic agenda in the area of Occupational Health and Wellness. Action plans are finalised and implemented in the areas of occupational health, wellness and mental health at manufacturing plants. All the Occupational Health Centres (OHCs) at the manufacturing locations are as per the defined standards. Gamification was done to promote the culture of healthy eating, physical exercise and monitoring of critical health parameters. The Company recognises the importance of mental wellness and has tied up with reputed agencies to improve awareness and connects employees with professional counselors in case of need.

The Company participates in reputed best practice sharing competitions organised by CII, FICCI, etc. to understand the perspective of other industry players. 'Kavasam', the safety implementation model at Sriperumbudur, was recognised with the National Level Safety Best Practice award by CII in May 2018.

Commissioning of two manufacturing facilities

Asian Paints has successfully commissioned 2 paint manufacturing facilities at Mysuru, Karnataka in September 2018 and Visakhapatnam, Andhra Pradesh in January 2019. In the first phase of its operations, both these plants have an installed capacity of 3,00,000 KL/ annum. Both these plants are fully automated with world-class automation systems in all their operations. Newer technology has been tested and successfully implemented in the packing floor and their finished goods warehouses as well.

In April 2019, a fire broke out at the Company's paint manufacturing facility in Visakhapatnam, Andhra Pradesh, which was brought under control on the same day. The plant resumed paint manufacturing operations in few days of the incident. This incident did not have any impact on the business operations of the Company.

INFORMATION TECHNOLOGY (IT)

Asian Paints continues to invest in Information Technology (IT) to redefine customer experiences, and improve productivity through automation and better data -driven insights.

Highlights of FY2018-19

The core ERP system of Asian Paints was upgraded to the SAP S/4HANA version in a seamless manner. Simultaneously, the Company has also initiated the migration of the ERP for all its international units, from the decentralised Microsoft ERP to a single instance of SAP S/4HANA. Units in Bahrain and Nepal are already operational on the single ERP instance. This has enabled a pan-Company scalable digital core for all business processes.

Cutting-edge IT platforms based on Industry 4.0 principles have been implemented in the two new paint facilities that were commissioned at Mysuru and Vizag. Real-time integration from shop floor operations into ERP and manufacturing execution systems provide a seamless visibility to all operations and surface shop floor exceptions in an intelligent fashion. IoT and other sensor-based technologies have been extensively leveraged in these plants.

In today's era, data continues to be the source of competitive advantage. Asian Paints made early strides in the space of advanced analytics. This year too, the focus on advanced analytics continued, wherein advanced techniques such as machine learning have been deployed in multiple areas – key ones being demand forecasting, sales order recommendation and manufacturing insights.

The Company believes that it can be a strategic differentiator in the Home Décor business by creating seamless and delightful customer experiences. It has embarked on a multi-year journey towards creating a digital framework for delivering seamless, contextual and consistent experiences across all customer touchpoints. Home visualisation has been a key focus area for the Company and the past year has seen several experiments in the 2D and 3D visualisation space. The visualisation has significantly improved the customer experience in the digital web frontends such as website, mobile app and dealer stores.

Visakhapatnam plant, Andhra Pradesh

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RESEARCH AND DEVELOPMENT

Asian Paints' Research & Technology Function is led by the vision to create innovative solutions for a sustainable future. These solutions are in the area of both new products and application. The purpose of Asian Paints' Research & Technology Function is to understand customers like no one else can, to visualise present, future and unstated needs, provide pioneering & sustainable solutions and create exceptional value for all stakeholders.

Highlights of FY2018-19

Our new product, Royale Health Shield has been designed to address the safety and health issues of consumer. The product is conforming to the stringent anti-asthma requirements of American Asthma Foundation (AAF).

Apcolite Rust Shield has been introduced to the market to address the challenge of corrosion in household metallic structures. It can be applied over moderately rusted surfaces. The unique polymer technology and formulation science helps the product to hold onto the rust and protect the overall structure for longer period.

Nilaya Naturals, scheduled to be launched in FY2019-20 is a natural paint with 95% plus organic ingredients.

Extending the durability of paint is always a focus area for the Company. Ultima Protek Lamino comes with longer service life and unmatched performance properties. It has positive impact in lifecycle assessment of paints.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Asian Paints has implemented adequate internal controls and risk management processes that are commensurate with the nature of business, and size and complexity of its operations. Appropriate internal control policies and procedures have been set up to provide reasonable assurance on:

- Effectiveness and efficiency of its operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The compliance with these policies and procedures is ingrained into the management review process. Moreover, the Company regularly reviews them to ensure both relevance and comprehensiveness. Deviations from the laid-down processes are being addressed through systemic identification of causals. Various data analytics reports run as a part of routine monitoring activities by all functions, which also assist in identifying exceptions.

The organisation continuously assesses effectiveness of its internal controls across multiple functions and locations through extensive internal audit exercises that deploy an amalgam of modern and traditional audit tools. The internal audit programme is reviewed by the Audit Committee to ensure comprehensive coverage of the areas. Proactive steps are taken to ensure compliance with various upcoming regulations through deployment of cross-functional teams. The Company uses robust IT tools for minimising errors and lapses, identifying exceptional trends through data analysis and tracking crucial compliances. The Company also encourages the employees to adopt fair, compliant and ethical practices. It continues to stay committed to the areas of control and compliance, to ensure the highest standards of governance.

Artist Nespoon's work at the Lodhi Art District for the St+art Delhi Festival 2019; an initiative by St+art India Foundation proudly supported by Asian Paints.

ENTERPRISE RISK MANAGEMENT

Asian Paints recognises that every business is prone to internal and external risks, including risks around compliance, operational, strategic and many others. Many of these risks are inherent in the enterprise structure of any organisation and may interfere with an organisation's operations and objectives. The Company takes responsibility to proactively identify and address risks and opportunities to protect and create value for its stakeholders.

The Company is committed to managing the enterprise using a risk-based approach to appropriately manage the broad spectrum of risks facing this complex organisation and to ensure achievement of its strategic, operational, reporting and compliance objectives.

Some of the crucial risks impacting the Company's overall governance are detailed below:

Safety risk

Considering the nature of the industry, Asian Paints manufacturing facilities are prone to safety risks. Therefore, the Company continuously strives to promote sound safety practices through:

- Implementation of behaviour-based safety at its manufacturing facilities
- Adoption of a Safety Management System (SMS) based on leading safety standards
- Regular audits to assess on-ground implementation of various processes prescribed by the SMS

Each plant has an emergency response plan, which is periodically tested through mock drills drawn up to meet any eventuality. Critical safety incidents are also reviewed by the senior leadership team for root-cause analysis and to prevent subsequent recurrence.

Statutory compliance risk

The Company has a well-structured, documented and demonstrable compliance framework that helps the management monitor and report compliance risk and exposure to the Board. The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.

With a view to devise a system to monitor and ensure compliance with all the applicable laws, compliances are classified and monitored under the following broad heads:

- Corporate Laws
- Tax Laws
- Labour Laws
- Environment, Health and Safety Laws

Various cross-functional teams work together to ensure compliance in the above areas and to keep up with the rapid pace of regulatory changes.

Sustainability risk

Asian Paints has articulated a vision for its key sustainability/environmental themes. These themes include reduction of power consumption, emphasis on renewable energy and hazardous waste reduction, among others. Substantial progress has been made in all the identified themes in the past five years. Since water is the key component for water-based paints, water security poses a significant risk. Reduction in freshwater consumed in manufacturing, water harvesting and recharge, development of alternate supply sources of water and usage of treated water from common effluent/ sewage treatment plants are the areas where substantial amount of work has been done. The Company has also been consistently working towards making its products green and environment friendly.

Ethical behaviour

The Company places due emphasis on deployment of ethical and fair business practices while running its operations. Ethical behaviour is promoted in the organisation through periodic communication and by making all employees aware of its code of conduct. The Company also has a whistle-blower policy to ensure suspected or actual violations to the code are reported, investigated and acted upon.

Information security risk

Various IT applications used by the Company are exposed to the internet. Also, with the new and emerging cyber-attacks and hacking threats, the information security risk has increased. The Company manages the risk by identifying possible threats/events that may compromise the confidentiality, integrity and availability of information and pro-actively mitigating them. Substantial investments have been made in advanced IT tools to enhance the information security capabilities. The Company has also adopted a five-element framework based on data lifecycle. A complete range of initiatives have been undertaken/identified in all the elements of this framework.

Currency risk

Asian Paints operates in many countries. The Company also has significant dealings in foreign currency, including import of raw materials and capital goods. Hence, an adverse and unforeseen fluctuation can impact its margins and profitability. The Company tries to balance its risk exposure by closely monitoring it and taking currency hedges whenever required. However, there is a limitation on the extent of risk mitigation, especially in case of extremely adverse currency fluctuations.

Human capital risk

Human capital risk is a critical risk for any business. It has elements of attraction, retention and engagement of talent; employee relations at plants/ offices; etc. These areas are being continuously worked upon through various initiatives and processes. The Company believes proper management of human capital is key to achieve the strategic and operational goals of an organisation.

Customer risk

The Company has a rigorous complaint management process in place, which enables swift and prompt corrective actions to mitigate the risk of losing connection with customers. Further, the Company implements several programmes to cement relationships with customers and influencers through a variety of platforms, including digital.

TEN-YEAR REVIEW

Standalone

(₹ in Crores except per share data, number of employees, number of shareholders and ratios)

RESULTS FOR THE FINANCIAL YEAR	2018-19**	2017-18**	2016-17**	2015-16**	2014-15^	2013-14^	2012-13^	2011-12^	2010-11^	2009-10
INCOME STATEMENT										
Net Revenue from Operations	16,391.8	14,153.7	12,722.8	11,830.3	11,648.8	10,418.8	8,960.1	7,964.2	6,336.1	5,134.1
Growth Rates (%)	15.8%	11.2%	7.5%	1.6%	11.8	16.3	12.5	25.7	23.4	20.0
Materials Cost	9,410.6	7,982.7	6,944.1	6,584.9	6,439.8	5,940.0	5,163.4	4,746.3	3,646.9	2,840.2
% to Net Revenue from Operations	57.4	56.4	54.6	55.7	55.3	57.0	57.6	59.6	57.6	55.3
Overheads	3,673.2	3,250.5	3,107.9	2,768.5	3,198.5	2,701.6	2,249.4	1,866.1	1,532.0	1,275.0
% to Net Revenue from Operations	22.4	23.0	24.4	23.4	27.5	25.9	25.1	23.4	24.2	24.8
Operating Profit (EBITDA)	3,586.8	3,198.0	2,971.0	2,726.4	2,197.3	1,950.9	1,673.4	1,493.2	1,232.2	1,153.7
Finance Costs	30.0	21.1	18.9	23.4	27.1	26.1	30.6	30.8	15.4	13.8
Depreciation and Amortisation Expense	382.2	311.1	295.4	234.5	223.1	212.3	127.0	99.5	94.5	60.7
Profit Before Tax and Exceptional items	3,174.6	2,865.8	2,656.7	2,468.5	1,947.1	1,712.5	1,515.9	1,362.9	1,122.3	1,079.2
% to Net Revenue from Operations	19.4	20.2	20.9	20.9	16.7	16.4	16.9	17.1	17.7	21.0
Growth Rates (%)	10.8	7.9	7.6	26.8	13.7	13.0	11.2	21.4	4.0	95.6
Exceptional item	-	-	-	(65.4)	(13.5)	(9.9)	-	-	-	25.5
Profit Before Tax and after Exceptional items	3,174.6	2,865.8	2,656.7	2,403.1	1,933.6	1,702.6	1,515.9	1,362.9	1,122.3	1,104.7
% to Net Revenue from Operations	19.4	20.2	20.9	20.3	16.6	16.3	16.9	17.1	17.7	21.5
Profit After Tax	2,134.8	1,894.8	1,801.7	1,622.8	1,327.4	1,169.1	1,050.0	958.4	775.2	774.5
Return on average capital employeed (ROCE) (%)	38.3	38.7	40.9	45.0	49.9	51.7	54.0	59.3	62.1	78.2
Return on average net worth (RONW) (%)	25.6	25.4	27.7	29.5	33.9	35.3	38.1	42.9	43.9	58.4
BALANCE SHEET										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Reserves and Surplus	8,791.6	7,702.2	6,998.8	5,829.8	4,134.3	3,505.0	2,926.3	2,391.9	1,879.4	1,461.3
Deferred Tax Liability (Net)	416.4	270.3	261.2	217.2	167.8	177.1	143.3	80.8	75.5	47.9
Borrowings	13.5	15.0	17.1	38.0	39.6	47.7	54.1	168.2	65.7	68.6
Fixed Assets	4,849.9	3,960.4	2,824.4	2,721.8	2,105.0	2,050.2	2,154.4	1,611.9	1,096.9	1,088.2
Investments	2,964.0	2,577.3	2,913.6	2,796.6	1,893.8	1,671.2	872.5	913.8	1,034.8	703.7
Debt-Equity Ratio	0.002:1	0.002:1	0.002:1	0.01:1	0.01:1	0.01:1	0.02:1	0.07:1	0.03:1	0.04: 1
Market Capitalisation	143,179	107,469	102,970	83,297	77,820	52,559	47,139	31,056	24,238	19,593
PER SHARE DATA										
Earnings Per Share (EPS)(₹) #	*22.3	*19.8	*18.8	*16.9	*13.8	*12.2	10.9	10.0	8.1	*8.1
Dividend (%)	1,050	870	1,030	750	610	530	460	400	320	270
Book Value (₹)	92.7	81.3	74.0	61.8	44.1	37.5	31.5	25.9	20.6	16.2
OTHER INFORMATION										
Number of Employees	6,456	6,238	6,156	6,067	5,897	5,555	5,236	4,937	4,640	4,382
Number of Shareholders	220,538	191,561	202,988	165,986	147,143	87,997	54,813	60,537	59,280	48,290

* EPS calculated on Net Profit after Exceptional items.

With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all comparataive periods have been restated.

^ Figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956. Hence these numbers are not comparable with previous years.

**Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. However, Revenue from operations in periods prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years. ROCE and RONW for these years are computed on the basis of figures as per Ind AS. Hence, these numbers are not comparable with previous years.

TEN-YEAR REVIEW

Consolidated

(₹ in Crores except per share data and ratios)

RESULTS FOR THE FINANCIAL YEAR	2018-19**	2017-18 **	2016-17 **	2015-16 **	2014-15^	2013-14^	2012-13^	2011-12^	2010-11^	2009-10 @
INCOME STATEMENT										
Net Revenue from Operations	19,349.8	16,843.8	15,168.2	14,263.2	14,182.8	12,714.8	10,938.6	9,632.2	7,722.3	6,680.9
Growth Rates (%)	14.9	11.0	6.3	0.6	11.5	16.2	13.6	24.7	15.6	22.3
Materials Cost	11,350.7	9,710.4	8,435.1	8,041.3	7,971.5	7,340.7	6,413.0	5,795.3	4,474.6	3,758.0
% to Net Revenue from Operations	58.7	57.6	55.6	56.4	56.2	57.7	58.6	60.2	57.9	56.2
Overheads	4,474.7	3,935.8	3,746.7	3,452.7	3,975.9	3,376.2	2,793.6	2,328.2	1,919.6	1,695.6
% to Net Revenue from Operations	23.1	23.4	24.7	24.2	28.0	26.6	25.5	24.2	24.9	25.4
Operating Profit (EBITDA)	3,751.6	3,418.2	3,248.9	2,982.5	2,405.1	2,132.1	1,846.5	1,616.2	1,396.1	1,367.9
Finance Costs	51.0	35.1	30.0	40.7	34.8	42.2	36.7	41.0	23.2	28.5
Depreciation and Amortisation Expense	430.7	360.5	334.8	275.6	265.9	245.7	154.6	121.1	113.1	83.6
Profit Before Tax and Exceptional items (including share of profit of associate)	3,310.7	3,068.5	2,933.7	2,699.7	2,104.4	1,844.2	1,655.2	1,454.1	1,259.7	1,255.9
% to Net Revenue from Operations	17.1	18.2	19.3	18.9	14.8	14.5	15.1	15.1	16.3	18.8
Growth Rates (%)	7.9	4.6	8.7	28.3	14.1	11.4	13.8	15.4	0.3	103.2
Exceptional items	-	-	-	(52.5)	(27.6)	(9.9)	-	-	-	1.2
Profit Before Tax and after Exceptional items	3,310.7	3,068.5	2,933.7	2,647.3	2,076.9	1,834.3	1,655.2	1,454.1	1,259.7	1,257.0
% to Net Revenue from Operations	17.1	18.2	19.3	18.6	14.6	14.4	15.1	15.1	16.3	18.8
Profit for the year (after Tax and Minority interest)^^	2,159.5	2,038.9	1,939.4	1,745.2	1,395.2	1,218.8	1,113.9	988.7	843.2	835.6
Return on average capital employed (ROCE) (%)	34.0	34.8	37.6	40.5	45.3	47.6	50.3	54.3	58.9	74.4
Return on average net worth (RONW) (%)	24.1	25.5	27.5	28.9	31.8	32.8	36.3	40.1	43.3	57.4
BALANCE SHEET										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Other Equity	9,423.8	8,314.3	7,508.0	6,428.9	4,646.4	3,943.3	3,288.4	2,652.6	2,091.5	1,614.1
Deferred Tax Liability (Net)	567.7	417.1	359.2	296.8	179.9	187.8	154.4	92.8	85.2	56.2
Borrowings	627.0	533.4	560.3	323.3	418.2	249.2	251.0	341.1	233.4	229.2
Property, Plant and Equipment, Goodwill & Other Intangible Assets	5,786.8	4,857.4	3,415.1	3,371.2	2,610.2	2,491.8	2,456.0	1,876.1	1,316.0	1,280.1
Investments	2,569.7	2,140.7	2,652.0	2,712.1	1,587.8	1,423.6	778.8	750.7	922.0	624.1
Debt-Equity Ratio	0.07 : 1	0.06 : 1	0.07 : 1	0.05 : 1	0.09 : 1	0.06 : 1	0.07 : 1	0.12 : 1	0.11 : 1	0.13 : 1
PER SHARE DATA										
Earnings Per Share (EPS) (₹) #	22.5	21.3	*20.2	*18.2	*14.5	*12.7	11.6	10.3	8.8	*8.7
Book Value (₹)	99.2	87.7	79.3	68.0	49.4	42.1	35.3	28.7	22.8	17.8

* EPS calculated on Net Profit (including share of profit of associate) after exceptional items

\# With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all comparataive periods have been restated.

@ This period includes 15 months (1st January 2009 to 31st March 2010) of Overseas Subsidiaries

**Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. However, Revenue from operations in periods prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years. ROCE and RONW for these years are computed on the basis of figures as per Ind AS. Hence, these numbers are not comparable with previous years.

^ Figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956. Hence, these numbers are not comparable with previous years.

^^ Includes 'Profit for the period from discontinued operations'. Refer note 31 (c) of Consolidated Financial Statements.

AWARDS AND RECOGNITIONS

Best Regarded Company

Included in the Forbes list of World's Best Regarded Companies (October 2018)

India's Most Respected Companies

"India's Most Respected Companies" by Business World Magazine (August 2018)

8th Most Valuable Brand in India

compiled by marketing and brand consultancy Milward Brown and WPP Group (September 2018)

Ranked 9th in the world

Amongst coatings companies (Coatings World Magazine, July 2018)

Recognised for Marketing Excellence

Economic Times Brand Equity Marketing Awards(April 2018)

Excellence in Corporate Governance FY2018-19

Awarded by Legal Era India

Notice

ASIAN PAINTS LIMITED
CIN: L24220MH1945PLC004598
Registered Office: 6A, Shantinagar, Santacruz (E), Mumbai - 400 055
Website: www.asianpaints.com, Email: investor.relations@asianpaints.com
Tel No.: (022) 6218 1000, Fax No.: (022) 6218 1111

NOTICE is hereby given that the **SEVENTY–THIRD ANNUAL GENERAL MEETING** of the Company will be held on **Thursday, 27th June, 2019,** at **11.00 a.m.** at **Patkar Hall, Nathibai Thackersay Road, New Marine Lines, Mumbai – 400 020**, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt:

   A. Audited Financial Statements of the Company for the financial year ended 31st March, 2019 together with the Reports of Board of Directors and Auditors thereon.

   B. Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 together with the Report of Auditors thereon.

2. To declare final dividend on equity shares for the financial year ended 31st March, 2019.

3. To appoint Mr. Abhay Vakil (DIN: 00009151), who retires by rotation as a Director and being eligible, offers himself for re-appointment.

4. To appoint Mr. Malav Dani (DIN: 01184336), who retires by rotation as a Director and being eligible, offers himself for re-appointment.

Special Business:

5. To consider and, if thought fit, approve with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Jigish Choksi (DIN: 08093304) who was appointed as an Additional Director with effect from 1st April, 2019 by the Board of Directors of the Company, based on the recommendation of Nomination and Remuneration Committee and who in terms of Section 161 of the Companies Act, 2013 holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary be and are hereby authorized 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, proper or expedient for the purpose of giving effect to this resolution".

6. To consider and, if thought fit, approve with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 6.75 Lakhs (Rupees Six Lakhs and Seventy Five Thousand only) plus taxes and reimbursement of out of pocket expenses at actuals, if any, incurred in connection with the audit to M/s. RA & Co., Cost Accountants (Firm Registration Number 000242) who were appointed by the Board of Directors as Cost Auditors of the Company, based on recommendations of Audit Committee, to conduct cost audits relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) for the financial year ending 31st March, 2020.

   RESOLVED FURTHER THAT the Board of Directors and/ or the Company Secretary be and are hereby authorized 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, proper or expedient for the purpose of giving effect to this resolution".

Notes:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of business to be transacted at the Annual General Meeting (AGM), as set out under Item No(s). 5 and 6 above and the relevant details of the Directors seeking re – appointment under Item No(s). 3 and 4 above as required by Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India is annexed thereto.

Notice (Continued)

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM MAY APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before commencement of the AGM. A Proxy form is annexed to the Annual Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.

   Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member. A Proxy-holder shall prove his identity at the time of attending the Meeting.

   Corporate members intending to send their authorized representatives to attend the AGM pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signature(s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the AGM.

3. Book Closure and Dividend:

   A. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 15th June, 2019 to Thursday, 27th June, 2019 (both days inclusive).

   B. Payment of dividend for the financial year ended 31st March, 2019:

      i. final dividend for the financial year ended 31st March, 2019, as recommended by the Board of Directors, if approved by the members at the AGM, will be paid on or after Friday, 28th June, 2019, to those members whose names appear on the Register of Members as on Friday, 14th June, 2019.

      ii. members holding shares in electronic form are hereby informed that bank particulars registered with their respective Depository Participants (DP), with whom they maintain their demat accounts, will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, M/s. TSR Darashaw Limited (TSRDL) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be intimated to the DP.

      iii. members holding shares in physical form are required to submit their bank account details to TSRDL, if not registered, as mandated by SEBI.

      iv. members are encouraged to update their bank account details to enable expeditious credit of dividend into their respective bank accounts electronically through Automated Clearing House (ACH) mode or such other permitted mode for credit of dividend.

4. SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018, amended Regulation 40 of Listing Regulations pursuant to which from 1st April, 2019, onwards securities can be transferred only in dematerialized form. However, it is clarified that, members can continue holding shares in physical form. Transfer of securities in demat form will facilitate convenience and ensure safety of transactions for investors.

   Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to eliminate all risks associated with physical shares.

   SEBI vide Press Release dated 27th March, 2019 has clarified that the share transfer deed(s) once lodged prior to the deadline of 31st March, 2019 and returned due to deficiency in documents submitted, may be re-lodged for transfer.

5. Transfer of Unclaimed Dividend Amounts to the Investor Education and Protection Fund (IEPF):

   A. Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules"), (including any statutory modification(s) and or re-enactment(s) thereof for the time being in force), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the said IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

   B. During the financial year 2018 – 19, the Company has transferred to the IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	Amount of Dividend (₹)	No. of shares
Final Dividend for the Financial Year 2010-11	57,65,260	25,400
Interim Dividend for the Financial Year 2011-12	26,95,748	61,322

C. The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at https://www.asianpaints.com/more/investors/unclaimed-dividend.html and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the Link (www.iepf.gov.in).

6. Members are requested to hand over the Attendance Slip, duly signed in accordance with the specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

7. Documents open for inspection:

A. During the period beginning 24 (twenty-four) hours before the time fixed for the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than 3 (three) days of advance notice in writing is given to the Company;

B. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102 (1) of the Companies Act, 2013 are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the AGM; and

C. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

8. Green Initiative:

A. Electronic copy of the Notice convening the 73rd AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company/Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.

B. Members, who have not registered their email ids so far, are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.

9. Procedure for voting:

A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), members are provided with the following alternatives by which they may cast their votes:

(i) by electronic means through the remote e-voting platform provided by the National Securities Depository Limited (NSDL). The remote e-Voting period will commence on Saturday, 22nd June, 2019 at 9.00 a.m. and will end on Wednesday, 26th June, 2019 at 5.00 p.m. The remote e-voting module will be disabled by NSDL for voting thereafter. Instructions and information relating to e-voting are as follows:

Instructions

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your User ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 110688 then User ID is 110688001***

Notice (Continued)

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the.pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The.pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your registered address.
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on **"Forgot User Details/ Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password?"**

      (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company which is 110688.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

   General Guidelines for shareholders:
   1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to asianpaints.scrutinizer@asianpaints.com with a copy marked to evoting@nsdl.co.in.
   2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
   3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download

section of www.evoting.nsdl. com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

(ii) The facility of e-Voting shall also be made available at the AGM venue for the members who have not cast their votes earlier.

B. Members who have cast their votes by remote e-Voting prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.

C. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on the cut-off date i.e. Thursday, 20th June, 2019.

D. Mr. Makarand Joshi, Practicing Company Secretary (Membership No. 5533, COP: 3662), has been appointed as the Scrutinizer for conducting voting process in a fair and transparent manner.

E. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.

F. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.asianpaints.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

10. Webcast Facility

The Company will be providing one-way live webcast of the proceedings of the AGM on the NSDL website. You may access the same at https://www.evoting.nsdl.com by using your remote e-Voting credentials. The link will be available in shareholder login where the EVEN of Company will be displayed.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.

12. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to TSRDL. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

13. As a measure of austerity, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the AGM.

14. A route map showing directions to reach the venue of the 73rd AGM is given along with this Annual Report as per the requirement of the Secretarial Standards - 2 on General Meetings.

For **Asian Paints Limited**

Jayesh Merchant
CFO & Company Secretary,
President – Industrial JVs
9th May, 2019

Registered Office:
6A, Shantinagar, Santacruz (E), Mumbai - 400 055

Notice (Continued)

Profile of Directors Seeking Re-Appointment at the ensuing AGM

Particulars	Mr. Abhay Vakil (DIN: 00009151)	Mr. Malav Dani (DIN: 01184336)
Designation	Non-Executive Director	Non-Executive Director
Age (years)	68	43
Experience and qualification	Mr. Abhay Vakil holds a Bachelors' Degree in Science from the University of Mumbai and B.S. from Syracuse University, USA. He has been associated with the Company since the year 1974. Prior to becoming the Managing Director in the year 1998, he was holding the post of Whole-time Director of the Company. Mr. Abhay Vakil was overseeing the decorative business and was in – charge of the supply chain/sales and marketing activities of the decorative business of the Company. His role also included containment of costs, maintenance of quality and ensuring achievement of the targeted sales and profits. He ceased to be a Whole-Time Director in the year 2009 and is now a Non-Executive Director on the Board of Directors of the Company.	Mr. Malav Dani holds B.S. (Bachelor of science) degree from Purdue University and an MBA (Master of Business Administration) from Columbia University. His education was rounded off with a six-year stint at General Electric (GE), during which he completed the Information Management Leadership (MLP) program as well as the Quality Six Sigma Black Belt Program. He worked with GE's Corporate Treasury department and the project he helmed won the Alexander Hamilton Corporate Treasury Award. Malav joined Asian Paints Limited as Manager-Quality in 2005 and worked on customer centricity initiatives. He was appointed as a Non-Executive Director on the Board of the Company, since 2013 and is also the Chairman of the CSR Committee of the Board from October, 2015. Malav was the Executive Director of Hitech Specialities Solutions Ltd from 2007 – 2011 and has been the Managing Director of the Hitech Corporation Ltd. since 2012. He was the Chairman of Young Leaders Forum Committee of Indian Merchants Chamber from 2009-2013, during his tenure, Malav was felicitated by Mr. Narendra Modi in 2010. He was also appointed as the Chairman of Ease of Doing Business Committee of Indian Merchants Chamber from 2015 – 2018 where he had an opportunity to present the Roadmap for India to improve its Ease of Doing Business ranking to the Joint Parliamentary Standing Committee on Commerce of Rajya Sabha. Malav made a presentation on World Peace to American Council of Young Political Leaders, an initiative of the Trump administration. He is a recipient of the 'Yuva Icon Award' presented by Dr. A.P.J Abdul Kalam. He received the "Business Excellence and Innovative Best Practices Award" from Dr. Pranab Mukherjee. In addition to this he is also the recipient of the 'Asia Pacific Entrepreneurship Award 2015, India' and the 'Corporate Excellency Award 2018' from Enterprise Asia.
Expertise in specific functional area	Vast experience in all functions of the Company including Paint Industry, sales & marketing, supply chain management and general management.	Expertise in managing diverse businesses with strategic thinking and an entrepreneurial approach for business excellence, specializing in people management, corporate governance, general and financial management.
Date of first appointment in the current designation	3rd July, 2015	26th June, 2014
Shareholding in the Company as on 31st March, 2019	2,84,68,310 equity shares of face value of ₹ 1 each (2.97%)	33,05,510 equity shares of face value of ₹ 1 each (0.34%)
Inter-se relationships between		
• Directors	Uncle of Ms. Amrita Vakil	Son of Mr. Ashwin Dani
• Key Managerial Personnel	NA	NA

Particulars	Mr. Abhay Vakil (DIN: 00009151)	Mr. Malav Dani (DIN: 01184336)
No. of Board Meetings attended during the financial year 2018 – 19	7 of 7	
Details of remuneration last drawn (₹) (includes commission for the FY 2018-19 payable after the 73rd AGM of the Company)	41,87,895	35,00,000
Terms and conditions of re-appointment	Non – Executive Director(s), liable to retire by rotation	
Details of proposed remuneration	Sitting fees and commission as may be approved by the Board of Directors in accordance with applicable provisions of law.	
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of the Company	Member of Audit Committee of the Company	Chairman of CSR Committee of the Company
Other Companies in which he is a Director excluding Directorship in Private and companies under Section 8 of Companies Act, 2013*	• Asian Paints Industrial Coatings Limited • Resins and Plastics Limited • Stack Pack Limited • Vikatmev Containers Limited	• Hitech Corporation Limited • Hitech Specialities Solutions Limited
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of other Listed Companies in which he/she is a Director*	-	Hitech Corporation Limited • Chairman, CSR Committee • Member, Stakeholders Relationship Committee

*Based on disclosures received from the Directors.

In the opinion of the Nomination & Remuneration Committee and Board of Directors, the re - appointment of Mr. Abhay Vakil and Mr. Malav Dani on Board of Directors of the Company would be beneficial to the overall functioning of the Company considering their vast experience.

Mr. Abhay Vakil and Mr. Malav Dani are not disqualified from being appointed as Director(s) in terms of Section 164 of the Companies Act, 2013.

The Board of Directors proposes the re-appointment of Mr. Abhay Vakil and Mr. Malav Dani as Non-Executive Directors on the Board of Directors of the Company and recommends the resolutions as set out at Item No(s). 3 & 4 of the Notice for the approval of the members at the ensuing AGM.

Mr. Abhay Vakil and Mr. Malav Dani belong to Promoter(s)/ Promoter(s) Group of the Company.

Except Mr. Abhay Vakil and his relatives, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the re-appointment of Mr. Abhay Vakil as a Non-Executive Director of the Company, except to the extent of their shareholding, if any, in the Company.

Except Mr. Malav Dani and Mr. Ashwin Dani and their relatives, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the re-appointment of Mr. Malav Dani as a Non- Executive Director of the Company, except to the extent of their shareholding, if any, in the Company.

The following Explanatory Statement sets out all material facts relating to Resolution No. 5 and 6 of the Notice in accordance with Section 102 of Companies Act, 2013

Resolution No. 5:

The Board of Directors at their meeting held on 29th March, 2019, based on recommendations of the Nomination and Remuneration Committee, approved the appointment of Mr. Jigish Choksi as an Additional Director on Board of Directors of the Company with effect from 1st April, 2019, in terms of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"), to hold office up to the date of the ensuing Annual General Meeting (AGM) of the Company, subject to approval of shareholders of the Company.

Notice (Continued)

Relevant details of Mr. Jigish Choksi as required by Regulation 26(4) and 36(3) of the Listing Regulations and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India is provided here under:

Particulars	Mr. Jigish Choksi
DIN	08093304
Age (years)	38
Experience	Mr. Jigish Choksi began his career with Asian Paints Limited (APL) in the year 2010 in the Sales and Marketing function. During his 5 year long stint with APL, he has worked as an Area Manager-Project Sales for 3 years and thereafter, he was a part of the Marketing team wherein he was in charge of several products that were launched under the Water Proofing range. Mr. Choksi is the Managing Director of M/s. Elf Trading & Chemicals Manufacturing Limited – an agro-chemical company. His key goal is to look at diversification of trading portfolio to include more value-added products. Mr. Jigish Choksi is also extensively involved in his family businesses. He works with M/s. Navbharat Packaging Industries Limited, a corrugated box manufacturer that operates with a single manufacturing capacity located at Ankleshwar, wherein he is actively involved in market and customer acquisition initiatives as well as in diversification of the product portfolio. He also looks after his "Family Office" practice which invests in public equity and debt instruments as well as in startups.
Expertise in specific functional area	Family and general business management and sales & marketing
Date of appointment as Additional Director	1st April, 2019
Shareholding in the Company as on 31st March, 2019	19,95,180 equity shares of the face value of ₹ 1 each (0.21%).
Other Companies in which he is a Director excluding Directorship in Private and companies under Section 8 of Companies Act, 2013*	ELF Trading and Chemical Manufacturing Limited
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of other Listed Companies in which he/she is a Director*	-
Inter-se relationships between	
• **Directors**	Cousin of Mr. Manish Choksi
• **Key Managerial Personnel**	NA
No. of Board Meetings attended during the financial year 2018 – 19	NA – appointment is w.e.f. 1st April, 2019
Details of remuneration last drawn (₹) during the FY 2018 – 19	NA – appointment is w.e.f. 1st April, 2019
Details of proposed remuneration	Sitting fees and commission as may be approved by the Board of Directors in accordance with applicable provisions of law.

*Based on disclosures received from the Director.

Mr. Jigish Choksi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

Mr. Jigish Choksi forms part of the Promoter(s)/Promoter(s) Group of the Company.

The Company has received a Notice under Section 160 of the Act from a member, proposing the appointment of Mr. Jigish Choksi as a Director of the Company.

In the opinion of the Nomination & Remuneration Committee and Board of Directors of the Company, the appointment of Mr. Jigish Choksi on the Board would be beneficial to the overall functioning of the Company, considering his experience in the Company and the knowledge of general business management.

The Board of Directors propose the appointment of Mr. Jigish Choksi as Non – Executive Director of the Company, liable to retire by rotation and recommend the Ordinary Resolution No. 5 for approval of shareholders of the Company.

Other than Mr. Jigish Choksi and his relatives, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested, except to the extent of their shareholding, in the proposed Ordinary Resolution as set out in Resolution No. 5 of his Notice.

Resolution No. 6:

The Board of Directors at its meeting held on 9th May, 2019, on the recommendations of the Audit Committee, had approved the appointment and remuneration of M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending 31st March, 2020, at a remuneration not exceeding ₹ 6.75 Lakhs (Rupees Six Lakhs and Seventy Five Thousand only) excluding taxes and reimbursement of out of pocket expenses at actuals, if any, in connection with the audit.

M/s. RA & Co., Cost Accountants (Firm Registration No. 000242) have confirmed that they hold a valid certificate of practice under Sub-section (1) of Section 6 of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148 (3) of the Act read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re – enactment(s) for the time being in force), the remuneration payable to Cost Auditor has to be ratified by the members of the Company.

Accordingly, ratification by the members is sought to the remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company, if required, for the financial year ending 31st March, 2020.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No. 6 of the Notice.

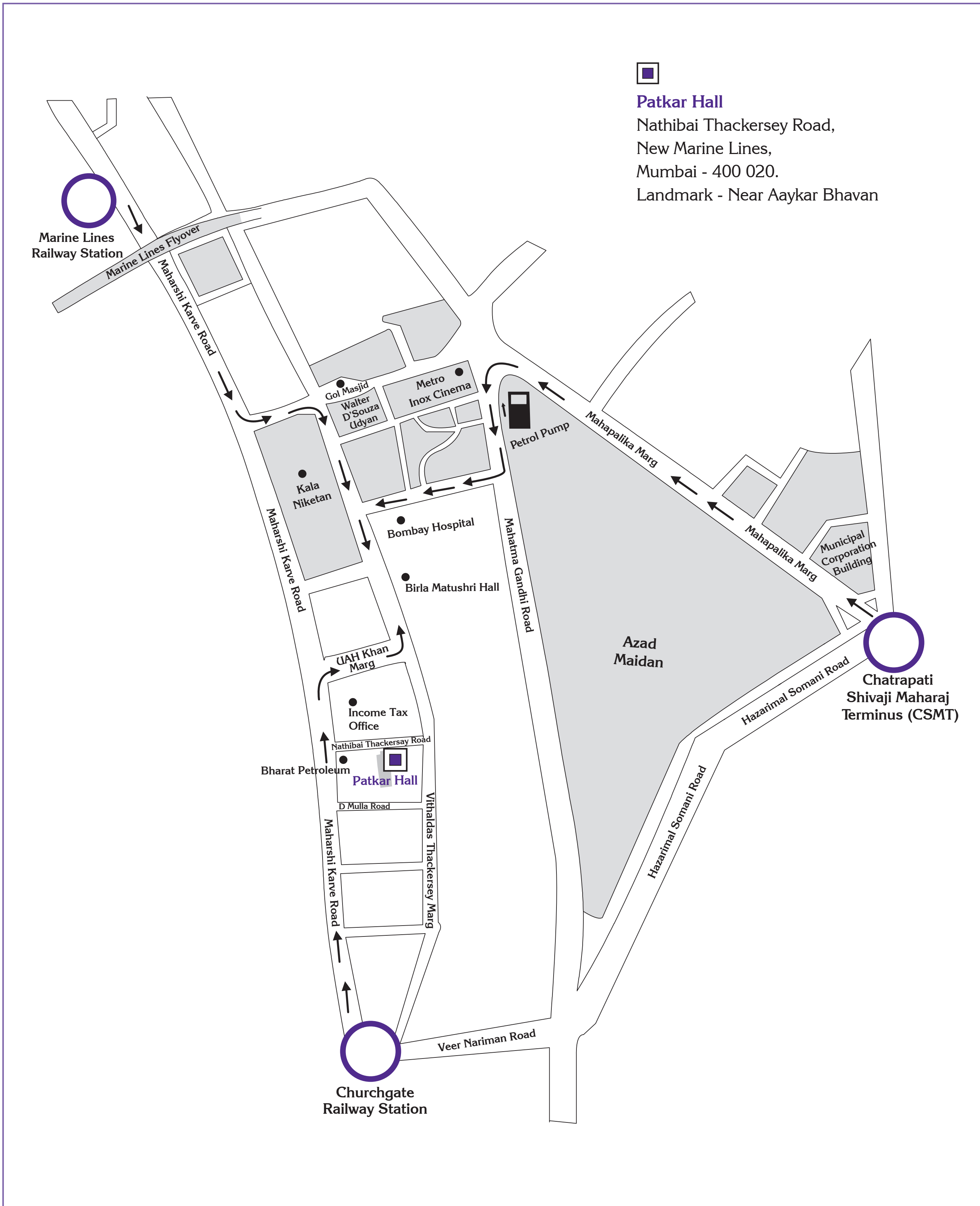
The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the members.

For Asian Paints Limited

Jayesh Merchant
CFO & Company Secretary,
President – Industrial JVs
9th May, 2019

Registered Office:
6A, Shantinagar, Santacruz (E), Mumbai - 400 055

Route Map to the AGM venue



Board's Report

Dear Members,

The Board of Directors are pleased to present the Seventy-third Annual Report of the Company for the financial year ended 31st March, 2019.

Financial Results

The Company's financial performance for the year ended 31st March, 2019 is summarized below:

(₹ in Crores)

	Standalone			Consolidated		
	Year ended 31.03.2019	Year ended 31.03.2018	Growth (%)	Year ended 31.03.2019	Year ended 31.03.2018	Growth (%)
Revenue from Operations*	16,391.78	14,153.71	15.8%	19,349.84	16,843.76	14.9%
Earning Before Interest, Taxes, Depreciation and Amortisation	**3,586.76**	**3,198.00**	**12.2%**	**3,751.58**	**3,418.23**	**9.8%**
Less : Finance Cost	30.01	21.06	-	51.00	35.07	-
Less : Depreciation and Amortisation Expense	382.18	311.11	-	430.67	360.47	-
Profit for the period before share of profit of associate	**3,174.57**	**2,865.83**	**10.8%**	**3,269.91**	**3,022.69**	**8.2%**
Share of profit of Associate	-	-	-	40.82	45.79	-
Profit Before Tax	**3,174.57**	**2,865.83**	**10.8%**	**3,310.73**	**3,068.48**	**7.9%**
Less : Tax Expense	1,039.81	971.03	-	1,098.82	1,040.96	-
Profit for the period from continuing operations	**2,134.76**	**1,894.80**	**12.7%**	**2,211.91**	**2,027.52**	**9.1%**
Profit before tax from discontinued operations	-	-	-	-	70.59	-
Tax expense of discontinued operations	-	-	-	-	0.59	-
Profit for the period from discontinued operations	**-**	**-**	**-**	**-**	**70.00**	**-**
Profit for the period	**2,134.76**	**1,894.80**	**12.7%**	**2,211.91**	**2,097.52**	**5.5%**
Attributable to:						
Shareholders of the Company	2,134.76	1,894.80	12.7%	2,159.49	2,038.93	5.9%
Non Controlling Interest	-	-	-	52.42	58.59	-
Other Comprehensive Income (net of tax)	(18.18)	(3.97)	-	(13.60)	(34.80)	-
Total Comprehensive Income	**2,116.58**	**1,890.83**	**11.9%**	**2,198.31**	**2,062.72**	**6.6%**
Attributable to:						
Shareholders of the company	2,116.58	1,890.83	11.9%	2,136.64	2,009.48	6.3%
Non-Controlling Interest	-	-	-	61.67	53.24	-
Opening balance in Retained Earnings	**3,387.91**	**2,672.53**	**-**	**3,547.78**	**2,688.71**	**-**
Amount available for Appropriation	**5,496.31**	**4,575.33**	**-**	**5,681.56**	**4,736.24**	**-**
Dividend – Interim - FY 2018-19	273.37	-	-	273.37	-	-
Interim - FY 2017-18	-	254.19	-	-	254.19	-
Final - FY 2017-18	580.31	-	-	580.31	-	-
Final - FY 2016-17	-	733.79	-	-	733.79	-
Tax on Dividend	173.50	199.44	-	173.50	199.44	-
Transfer to Other Reserve	-	-	-	0.74	**1.04**	-
Closing balance in Retained Earnings	**4,469.13**	**3,387.91**	**-**	**4,653.64**	**3,547.78**	**-**

* Figures for Revenue from Operations are comparable numbers i.e. Excise Duty has been removed as the same does not form part of Revenue post GST implementation.

Company's Performance Review

During the financial year 2018-19:

- Revenue from operations on standalone basis increased to ₹ 16,391.78 crores as against ₹ 14,153.71 crores in the previous year – a growth of 15.8%.
- Cost of goods sold as a percentage to revenue from operations increased to 57.4% as against 56.4% in the previous year.
- Employee cost as a percentage to revenue from operations decreased to 5.5% (₹ 902.79 crores) against 5.6% (₹ 791.08 crores) in the previous year.
- Other expense as a percentage to revenue from operations decreased to 16.9% (₹ 2,770.42 crores) as against 17.4% (₹ 2,459.43 crores) in the previous year.
- The Profit after Tax for the current year is ₹ 2,134.76 crores against ₹ 1,894.80 crores in the previous year – a growth of 12.7%.

Board's Report (Continued)

- On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved revenue of ₹ 19,349.84 crores as against ₹ 16,843.76 crores – a growth of 14.9%. Net profit after non-controlling interest for the group for the current year is ₹ 2,159.49 crores as against ₹ 2,038.93 crores in the previous year – a growth of 5.9%.

Dividend

During the year under review, the Company paid to the shareholders, an interim dividend of ₹ 2.85 (Rupees two and paise eighty five only) per equity share of the face value of ₹ 1 (Rupee one only) each in the month of November, 2018. In addition, the Board of Directors have recommended payment of ₹ 7.65 (Rupees seven and paise sixty fifty only) per equity share of the face value of ₹ 1 (Rupee one only) each as final dividend for the financial year 2018-19, for the approval of the shareholders at the ensuing Annual General Meeting ('AGM') of the Company.

If approved, the total dividend (interim and final dividend) for the financial year 2018-19 will be ₹ 10.50 (Rupees ten and paise fifty only) per equity share of the face value of ₹ 1 (Rupee one only) each as against the total dividend of ₹ 8.70 (Rupees eight and paise seventy only) per equity share of the face value of ₹ 1 each (Rupee one only) paid for the previous financial year 2017-18.

The dividend declared and/or paid by the Company for the financial year 2018-19, is in compliance with the Dividend Distribution Policy.

The Dividend Distribution Policy of the Company is set out as **Annexure [A]** and is also uploaded on the Company's website https://www.asianpaints.com/more/investors/policies-programs.html.

Investor Education and Protection Fund (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to amount of dividend transferred to the IEPF and corresponding shares on which dividends were unclaimed for seven (7) consecutive years, are provided in the General Shareholders Information section of this Annual Report.

Material Changes Affecting the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2018-19 and the date of this report. There has been no change in the nature of business of the Company.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2018-19, together with the Auditors' Report form part of this Annual Report.

Subsidiaries & Associate Companies

Financial Performance:

A statement containing the salient features of financial statements of subsidiaries/joint venture companies of the Company in the prescribed Form AOC – 1 forms a part of Consolidated Financial Statements (CFS) in compliance with Section 129 (3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014.

The said Form also highlights the financial performance of each of the subsidiaries and joint venture companies included in the CFS of the Company pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with Section 136 of the Act, the financial statements of the subsidiary and associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the AGM. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company. The financial statements including the CFS, and all other documents required to be attached to this report have been uploaded on the website of the Company at www.asianpaints.com.

The Company has in accordance with the amendments to Listing Regulations revised the Policy for determining material subsidiaries. The said policy may be accessed on the website of the Company at https://www.asianpaints.com/more/investors/policies-programs.html. The Company has no material subsidiary company.

The Board of Directors at their meeting held on 9th May, 2019, have, *inter alia,* approved the following investments approximately in accordance with the applicable provisions of law:

(i) ₹ 300 crores by way of subscription of equity shares of Asian Paints International Private Limited (APIPL), Singapore, wholly owned subsidiary of the Company, for the purpose of meeting funding requirements of its step down operating subsidiaries; and

(ii) ₹ 80 crores by way of subscription of equity shares of Sleek International Private Limited (Sleek), wholly owned subsidiary of the Company, to meet its requirements towards capital expenditure and working capital.

The aforementioned infusion in the equity shares of APIPL and Sleek is for furtherance of their business objectives.

Directors and Key Managerial Personnel

Sad Demise of Mr. Ashwin Choksi, erstwhile Chairman of the Company

Mr. Ashwin Choksi, erstwhile Non-Executive Chairman of the Company, left for heavenly abode on 19th September, 2018, after a brief illness.

Late Mr. Ashwin Choksi was associated with the Company since 1965. He became the Managing Director of the Company in 1984. As an Executive Chairman for more than a decade, he pioneered to imbibe the best governance standards with entrepreneurship in the Company. He stepped down as Executive Chairman of the Company in 2009 and continued to hold the position of Non – Executive Chairman since then.

Late Mr. Ashwin Choksi was the Chairman of the Company for more than two decades and the Company immensely benefitted from his vision and leadership. He was a humble and down to earth individual who led the Company without being in limelight. His sad demise is an irreparable loss to the Company.

The Board of Directors of the Company express their deep condolences and pay tribute to late Mr. Ashwin Choksi, a great visionary leader.

Appointment of Mr. Ashwin Dani as the Chairman of the Company

The Board of Directors of the Company at their meeting held on 5th November, 2018, elected Mr. Ashwin Dani as the Non-Executive Chairman of the Board and Company till the Annual General Meeting of the Company for the financial year 2020-21.

Change in Directorate

(i) Appointment of Mr. Manish Choksi on the Board of Directors of the Company

The Board of Directors of the Company at their meeting held on 22nd October, 2018, based on the recommendations of the Nomination & Remuneration Committee approved the appointment of Mr. Manish Choksi as a Non – Executive Promoter Director, to fill the casual vacancy created on the Board on account of the sad demise of Mr. Ashwin Choksi. The shareholders subsequently approved his appointment in casual vacancy by way of postal ballot with requisite majority.

The Board of Directors at their meeting held on 5th November, 2018, appointed Mr. Manish Choksi as the Non-Executive Vice-Chairman of the Board and the Company.

Mr. Manish Choksi joined the Company in the year 1992 as an Executive and had grown in ranks by holding various positions across Sales, Engineering, Marketing in the Decorative and Industrial paint businesses. He transformed the Information Technology function of the Company and has been instrumental in leveraging the IT solutions across the extended enterprise and achieving improved business performance. He also headed the International Business of the Company and spearheaded the Company's efforts in expansion of its emerging markets portfolio. He had been a catalyst for the Company's foray into home improvement.

Before being inducted as the Non-Executive Director, he held the position of President – International Business, IT, HR & Chemicals in the Company. He was also a member of the Executive Council of the Company.

(ii) The Board of Directors at their meeting held on 21st December, 2018 on recommendations of the Nomination & Remuneration Committee, *inter alia*, approved the following changes to the Board of Directors of the Company, subject to approval of shareholders of the Company. The shareholders have since approved their appointments/re – appointments with requisite majority by way of postal ballot, the results of which were declared on 26th February, 2019:

(a) Continuation of Mr. Ashwin Dani (76 years) as a Non – Executive Promoter Director (liable to retire by rotation) of the Company after 31st March, 2019 in compliance with the Regulation 17(1A) of Listing Regulations

Regulation 17(1A) of the Listing Regulations provides that listed entities shall not appoint any person or continue the directorship of any person, who has attained the age of 75 years, unless approval of shareholders have been obtained by way of special resolution. Accordingly, approval of the shareholders was obtained for continuation of Mr. Ashwin Dani's directorship.

Mr. Ashwin Dani has been associated with the Company since 1968. He joined the Company as a Senior Executive and moved through successive senior positions like Director - R&D, Works Director, Whole-time Director and served as Vice-Chairman and Managing Director from December, 1997 to March, 2009. He continued to hold the position of Non-Executive Vice Chairman of the Company until he was appointed as the Non- Executive Chairman of the Company on 5th November, 2018. Mr. Ashwin Dani is a technocrat and drives strong focus on Research and Development initiatives within the Company. His knowledge of the business environment and vast experience in general management has been an asset to the Company.

(b) Appointment of Mr. Suresh Narayanan as an Independent Director on the Board of Directors of the Company for a period of 5 years w.e.f. 1st April, 2019 to 31st March, 2024, pursuant to applicable provisions of the Act read with the Rules issued thereunder and the Listing Regulations

Mr. Suresh Narayanan is currently the Chairman & MD of Nestle India Limited. He joined Nestle in the year 1999

Board's Report (Continued)

and has been associated with the Company since then. He has grown across ranks in the Sales & Marketing Department and held various positions in Nestle, India and other countries. He was the Chairman and CEO of Nestle Philippines, Inc. prior to joining Nestle India.

(c) Appointment of Mrs. Pallavi Shroff as an Independent Director on the Board of Directors of the Company for a period of 5 years w.e.f. 1st April, 2019 to 31st March, 2024, pursuant to applicable provisions of the Act read with the Rules issued thereunder and the Listing Regulations

Mrs. Pallavi Shroff is the Managing Partner of M/s. Shardul Amarchand Mangaldas, with extensive experience of over 37 years. Her broad and varied representation of public and private corporations and other entities before legal institutions, has earned her national and international acclaim. Mrs. Shroff has always been active in public policy related work. She appears regularly in the Supreme Court and High Courts of India, and in arbitrations, mediations and international legal disputes.

(d) Re-appointment of the following Independent Directors, not liable to retire by rotation, (whose tenure came to an end on 31st March, 2019) for a second term pursuant to applicable provisions of the Act read with the Rules issued thereunder and Listing Regulations:

- Dr. S. Sivaram (72 years) re-appointed upto 30th September, 2021;
- Mr. M. K. Sharma (72 years) re-appointed upto 31st March, 2022;
- Mr. Deepak Satwalekar (70 years) re-appointed upto 30th September, 2023; and
- Mrs. Vibha Paul Rishi (59 years) re-appointed upto 31st March, 2024.

The aforementioned appointments were based on outcome of performance evaluation exercise, experience and contributions made by Dr. S. Sivaram, Mr. M. K. Sharma, Mr. Deepak Satwalekar and Mrs. Vibha Paul Rishi in their previous tenure.

The respective tenure(s) of Dr. S Sivaram, Mr. M. K. Sharma and Mr. Deepak Satwalekar were decided considering the year in which each of them will attain the age of 75 years.

(iii) Cessation of directorship of Mr. Mahendra Choksi, Non-Executive Director

Mr. Mahendra Choksi, Non – Executive Director of the Company informed the Board of Directors at its meeting held on 21st December, 2018, of his desire to step down from directorship in view of his age and in order to comply with Regulation 17(1A) of the Listing Regulations.

Mr. Mahendra Choksi had joined the Board in the year 1992 and since then has been an integral part of the Board and its Committees where he was a member. He has contributed immensely to the functioning of the Board and the management has also benefitted from his advice and directions. The Board places on record gratitude for his advice and guidance.

(iv) Retirement of Non – Executive Directors

Mr. Mahendra Shah and Mr. S Ramadorai, Independent Director(s) of the Company, informed the Board of Directors at its Meeting held on 21st December, 2018, that they would not be seeking re-appointment in view of their age and in compliance with Regulation 17(1A) of the Listing Regulations.

Mr. Mahendra Shah joined the Board as an Independent Director in the year 2001 and the Company has immensely benefitted from his guidance. The Board places on record appreciation for his thoroughness, dedication and commitment.

Mr. S Ramadorai joined the Board in the year 2009 and since then has significantly contributed to the functioning of the Board. The Board places on record appreciation for his perspective and thought leadership towards overall functioning of the Company.

(v) Appointment of Mr. Jigish Choksi as an Additional/Non – Executive Promoter Director of the Company

The Board of Directors of the Company at their meeting held on 29th March, 2019, based on the recommendation of the Nomination and Remuneration Committee, had approved the appointment of Mr. Jigish Choksi as an Additional/Non-Executive Director with effect from 1st April, 2019, subject to approval of shareholders of the Company.

Mr. Jigish Choksi has worked in the Sales & Marketing function of the Company for five years and is well versed with the functioning of the Company. He is also actively involved in his family businesses.

Approval of the shareholders is sought at the ensuing AGM for the appointment of Mr. Jigish Choksi as the Non-Executive Director of the Company, liable to retire by rotation. The Board and Nomination & Remuneration Committee recommend his appointment.

(vi) Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Abhay Vakil and Mr. Malav Dani, Non-Executive Directors, are liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

In accordance with the provisions of the Act read with the Rules issued thereunder, the Listing Regulations and the Articles of Association of the Company, Additional Director, Independent Directors and the Managing Director of the Company are not liable to retire by rotation.

Board of Directors

Declaration of independence from Independent Directors:

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

Number of meetings of the Board:

7 (seven) meetings of the Board of Directors were held during the financial year 2018 – 19. The details of the meetings of the Board of Directors of the Company convened during the financial year 2018-19 are given in the Corporate Governance Report which forms part of this Annual Report.

Nomination and Remuneration Policy

During the year under review, the Company has revised the Nomination and Remuneration Policy, in accordance with the amendments to Section 178 of the Act and Listing Regulations. The salient features of the Policy and changes therein are set out in the Corporate Governance Report which forms part of this Annual Report.

The said Policy of the Company, *inter alia*, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations.

The Policy is also available on the website of the Company https://www.asianpaints.com/more/investors/policies-programs.html.

Remuneration of Directors, Key Managerial Personnel and particulars of employees:

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The information required under Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Directors/employees of the Company is set out in the **Annexure [B]** to this report and is also available on the website of the Company (www.asianpaints.com).

Performance Evaluation:

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for evaluating the performance of Individual Directors, Committees of the Board and the Board as a whole.

The parameters for the performance evaluation of the Board, *inter alia*, include performance of the Board on deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc.

The parameters for the performance evaluation of the Directors include attendance, effective participation in meetings of the Board, domain knowledge, vision, strategy, etc.

The Chairperson(s) of the respective Committees based on feedback received from the Committee members on the outcome of performance evaluation exercise of the Committee, shares a report to the Board.

The details of the evaluation process are set out in the Corporate Governance Report which forms a part of this Annual Report.

Directors' Responsibility Statement

Pursuant to Section 134 of the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Directors of the Company state that:

a. in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable Accounting Standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;

b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profits of the Company for the financial year ended 31st March, 2019;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a ‘going concern’ basis;

Board's Report (Continued)

e. proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and operating effectively; and

f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

Management Discussion and Analysis

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming part of this Annual Report. It provides details about the overall industry structure, global and domestic economic scenarios, developments in business operations/ performance of the Company's various businesses viz., decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2018-19.

Auditors and Auditors' Report

Statutory Auditor:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), were appointed as Statutory Auditors of the Company at the 70th AGM held on 28th June, 2016, to hold office till the conclusion of the 75th AGM.

M/s. Deloitte Haskins & Sells LLP have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors have issued an unmodified opinion on the Financial Statements for the financial year ended 31st March, 2019. During the financial year ended 31st March, 2019, there had been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund, other than two instances of delays aggregating to ₹ 3.52 lakhs on account of unclaimed sales proceeds of fractional shares arising out of sale of bonus shares in earlier years.

The Auditors' Report for the financial year ended 31st March, 2019 on the financial statements of the Company is a part of this Annual Report.

Cost Auditor:

The Company is required to maintain cost records for certain products as specified by the Central Government under sub-section (1) of Section 148 of the Act, and accordingly such accounts and records are made and maintained in the prescribed manner.

The Board of Directors of the Company, on the recommendations made by the Audit Committee, has appointed M/s. RA & Co., Cost Accountants, (Firm Registration No. 000242) as the Cost Auditor of the Company to conduct the audit of cost records of certain products for the financial year 2019 - 20. The remuneration proposed to be paid to the Cost Auditor, subject to ratification by the members of the Company at the ensuing 73rd AGM, would not exceed ₹ 6.75 lakhs (Rupees six lakhs and seventy five thousand only) excluding taxes and out of pocket expenses, if any.

The Company has received consent from M/s. RA & Co., Cost Accountants, to act as the Cost Auditor for conducting audit of the cost records for the financial year 2019-20 along with a certificate confirming their independence and arm's length relationship.

Secretarial Auditor:

The Board of Directors of the Company has appointed Dr. K R Chandratre, Practicing Company Secretary (Certificate of Practice No. 5144), as the Secretarial Auditor to conduct an audit of the secretarial records for the financial year 2019 - 20.

The Company has received consent from Dr. K. R. Chandratre to act as the auditor for conducting audit of the secretarial records for the financial year ending 31st March, 2019.

The Secretarial Audit Report for the financial year ended 31st March, 2019 under Companies Act, 2013, read with Rules made thereunder and Regulation 24A of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in the **Annexure [C-1]** to this report.

The Secretarial Compliance Report for the financial year ended 31st March, 2019, in relation to compliance of all applicable SEBI Regulations/circulars/ guidelines issued thereunder, pursuant to requirement of Regulation 24A of Listing Regulations is set out in **Annexure [C-2]** to this report. The Secretarial Compliance Report has been voluntarily disclosed as part of Annual Report as good disclosure practice.

The Secretarial Audit Report and/or Secretarial Compliance Report does not contain any qualification, reservation or adverse remark.

Audit Committee

As on 1st April, 2019, the Audit Committee comprises of Mr. M. K. Sharma (Chairman), Mr. Abhay Vakil, Mr. R Seshasayee and Mr. Suresh Narayanan. The Board of Directors at their meeting held on 29th March, 2019 appointed Mr. Suresh Narayanan, Independent Director as a member of the Committee in place of Mr. Mahendra Shah who retired as a Director on 31st March, 2019. Mr. Jayesh Merchant acts as Secretary to the Audit Committee.

All members of the Audit Committee are financially literate and have experience in financial management.

All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company.

Corporate Social Responsibility (CSR)

As on 1st April, 2019, the CSR Committee comprises of Mr. Malav Dani (Chairman), Mrs. Vibha Paul Rishi, Mr. KBS Anand and Ms. Amrita Vakil. The Board of Directors at their meeting held on 29th March, 2019 appointed Ms. Amrita Vakil as a member of the Committee and Mr. Mahendra Choksi and Mr. S Ramadorai ceased to be members of the Committee consequent to their ceasing to be Directors of the Company. Mr. Jayesh Merchant acts as Secretary to the CSR Committee.

During the financial year ended 31st March, 2019, the Company incurred CSR Expenditure of ₹ 52.70 crores (Rupees fifty two crores and seventy lakhs only). The CSR initiatives of the Company were under the thrust area of health & hygiene, education, water management and vocational training. The CSR Policy of the Company is available on the website of the Company at https://www.asianpaints.com/more/about-us.html.

The Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March, 2019, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in **Annexure [D]** to this report.

Corporate Governance Report

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance forms an integral part of this Annual Report.

Business Responsibility Report

A Business Responsibility Report as per Regulation 34 of the Listing Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front forms an integral part of this Annual Report.

Extract of Annual Return

The extract of the Annual Return of the Company as on 31st March, 2019 in Form MGT - 9 in accordance with Section 92 (3) of the Act read with Companies (Management and Administration) Rules, 2014, is available on the website of the Company at https://www.asianpaints.com/more/investors/financial-results.html and is set out in **Annexure [E]** to this Report.

Related Party Transactions

During the year under review, the Company revised its Policy on dealing with and Materiality of Related Party Transactions, in accordance with the amendments to the applicable provisions of the Listing Regulations. The Policy is also available on the website of the Company at https://www.asianpaints.com/more/investors/policies-programs.html.

All contracts/arrangements/transactions entered into by the Company with Related Parties were in ordinary course of business and on arm's length basis.

The Company has not entered into any contracts/arrangements/transactions with related parties which qualify as material in accordance with the Policy of the Company on materiality of related party transactions.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on dealing with and Materiality of Related Party Transactions, formulated by the Company.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. There are no person(s) or entities forming part of the Promoter(s)/Promoter(s) Group which individually hold 10% or more shareholding in the Company.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 42 to the Standalone Financial Statements of the Company.

Form AOC - 2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure [F]** to this report.

Loans and Investments

Details of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31st March, 2019, are set out in Note 37(B) to the Standalone Financial Statements of the Company.

Manufacturing Capacity Expansion

During the year under review, the Company commenced commercial production of water based paints and intermediaries at its following manufacturing facilities, in India:

i. Mysuru Plant situated in the state of Karnataka, with an initial capacity of 3 (three) lakh KL p.a., having ultimate capacity of 6(six) lakh KL p.a.

ii. Vishakhapatnam Plant situated in the state of Andhra Pradesh, with an initial capacity of 3 (three) lakh KL p.a., having ultimate capacity of 5(five) lakh KL p.a.

The said expansion will give the Company the ability to ensure it has sufficient capacity to meet future needs.

Board's Report (Continued)

Risk Management

The Company has a well-defined process in place to ensure appropriate identification and mitigation of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of identification of risks at strategic, business, operational and process levels, formulating mitigation plan and actions for the identified risks, which are driven by senior leadership.

The key strategic, business and operational risks which are significant in terms of their impact to the overall objectives of the Company along with status of the mitigation plans are periodically presented and discussed in the Risk Management Committee meetings. Inputs from the Risk Management Committee are duly incorporated in the action plans. All significant risks mitigation plans are well integrated with functional and business plans and are reviewed on a regular basis by the senior leadership.

The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report.

Vigil Mechanism

The Company has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Act and Regulation 22 of the Listing Regulations.

The Company has engaged an agency for managing an 'Ethics Hotline' which can be used to, *inter alia*, report any instances of financial irregularities, breach of code of conduct, abuse of authority, disclosure of financial / price sensitive information, unethical / unfair actions concerning company vendors / suppliers, mala-fide manipulation of Company records, discrimination to the Code of Conduct in an anonymous manner.

The Policy also provides protection to the employees and business associates who report unethical practices and irregularities.

Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy.

The Whistle Blower Policy of the Company can be accessed at website of the Company at https://www.asianpaints.com/more/investors/policies-programs.html.

Policy on Prevention of Sexual Harassment at Workplace

The Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (hereinafter referred to as "Prevention of Sexual Harassment Act"). Internal Complaints Committees have also been set up to redress any such complaints received.

The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

The Company periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

Complaints of sexual harassment received during the financial year 2018-19 by the Company were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them.

Internal Financial Controls Related to Financial Statements

The Company has sound internal financial controls commensurate to the size and nature of its business. The Company periodically reviews the internal financial controls in the light of new statutes, changes in business models, adoption of new technology solutions and suggestions for improvements received from employees.

During the year, the Company upgraded its core ERP system to the latest SAP S/4 HANA version. All key internal controls over financial reporting identified as part of the risk and control matrix were thoroughly tested along with the core functionalities before migrating to the new system.

The shared services center (SSC) deployed automation to read digitally signed invoices from select vendors and after necessary validations parks the document in the SAP system. This has increased efficiency and also works towards eliminating manual errors. The Company is in the process of extending this to other vendors in the coming year.

The Company has workflows to ensure adherence to the delegation of authority manual. This manual specifies the limits at a grade level for approval of various expenses, including capital expenditure. For the ones where workflows have not been deployed, the SSC verifies the same before clearing the payments.

For all amendments to Accounting Standards and the new standards notified, the Company carries out a detailed analysis and presents the impact on accounting policies of the Group, the impact on financial results, including revised disclosures to the Audit Committee. The approach and changes in policies are also validated with the statutory auditors. The Company takes steps to make these amendments as part of the underlying ERP systems to the extent possible.

All key controls are periodically tested by the management and few of them are critically tested for adequacy in design and operating effectiveness by the internal auditors of the Company.

The Company has a stated process and periodicity for physical verification of its inventory and fixed assets. Any variances are analysed and accounted post necessary approvals.

Estimates and judgements made in the preparation of financial statements are reviewed closely by the corporate accounts team. Past trends and variances are analysed by the management and verified by the Statutory auditors.

The Company gets its Standalone financial statements audited every quarter by its Statutory Auditors. The policies to ensure uniform accounting treatment are prescribed to the subsidiary companies as well. The accounts of the subsidiary and joint venture companies are audited and certified by their respective Statutory Auditors for consolidation.

Other Disclosures

a. During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re- enactment(s) thereof for the time being in force);

b. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;

c. There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future;

d. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Act read with the Companies (Accounts) Rules, 2014, is set out in the **Annexure [G]** to this report;

e. The Managing Director & CEO of the Company has not received any remuneration or commission from any of the subsidiary companies;

f. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);

g. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors; and

h. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

Appreciation

The Board of Directors place on record sincere gratitude and appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors

Ashwin Dani
Chairman
(DIN: 00009126)

Place : Mumbai,
Date : 9th May, 2019

Annexure (A) to Board's Report

Dividend Distribution Policy

(Approved by the Board of Directors at their meeting held on 25th October, 2016)

Introduction

This Policy is called "Asian Paints Limited – Dividend Distribution Policy" (hereinafter referred to as "this Policy") and shall be effective from 25th October, 2016 ("Effective Date").

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Asian Paints Limited (hereinafter referred to as "the Company") is required to frame this Policy.

Policy

This policy aims at ensuring compliance with the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

The Company would, inter alia, consider the following financial parameters and/or internal & external factors before declaring dividend(s) or recommending dividend(s) to the shareholders:

- Current year profits arrived at after providing for depreciation in accordance with the provisions of Section 123 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder; and/or
- Profits from any of the previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of Section 123 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder;
- Fund requirements to finance the working capital needs of the business;
- Opportunities for investments of the funds of the Company to capture future growth in the industry, e.g. capital expenditure, network expansion, etc;
- Funding requirements for any organic and inorganic growth opportunities to be pursued by the Company;
- Optimal free cash to fund any exigencies, if any;
- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws.

In case the Board proposes not to distribute the profit; the grounds thereof and information on utilisation of the retained earnings, if any, shall be disclosed to the shareholders in the Board's Report forming part of Annual Report of the Company.

The CFO jointly with the MD & CEO of the Company shall suggest any amount to be declared / recommended as Dividend to the Board of Directors of the Company, taking into account the aforementioned parameters.

Parameters adopted w.r.t. various classes of shares:

- The Company has only one class of shares referred to as equity shares of the face value of ₹ 1 each, forming part of its Issued, Subscribed and Paid – up share capital.
- Dividend (including interim and/or final) would be declared and paid to equity shareholders at the rate fixed by the Board of Directors of the Company. Final dividend proposed by the Board of Directors, if any, would be subject to the approval of the shareholders at the ensuing Annual General Meeting.

Amendments to the Policy

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification. Any amendment(s) of any provision of this policy shall be carried out by persons authorized by the Board in this regard.

Annexure (B) to Board's Report

Information required under Section 197 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the financial year 2018-19 is as follows:

Name of Director(s)	Remuneration (in ₹)	Ratio of Remuneration of Director to the Median remuneration*
Late Ashwin Choksi #	22,38,000	2.68
Ashwin Dani	47,35,000	5.67
Manish Choksi **	24,50,000	2.94
Abhay Vakil	41,87,895	5.02
K.B.S. Anand	11,80,80,982	141.52
Mahendra Choksi	33,60,000	4.03
Malav Dani	35,00,000	4.19
Amrita Vakil	32,10,000	3.85
Mahendra Shah	37,40,000	4.48
Deepak Satwalekar	36,80,000	4.41
S. Sivaram	31,70,000	3.80
S. Ramadorai	32,30,000	3.87
M. K. Sharma	42,20,000	5.06
Vibha Paul Rishi	32,80,000	3.93
R. Seshasayee	33,30,000	3.99

Notes:

1. * Median remuneration for the financial year 2018-19 is ₹ 8,34,376 (Rupees Eight Lakhs Thirty Four Thousand Three Hundred Seventy Six only).
2. The aforesaid details are calculated on the basis of remuneration for the financial year 2018-19 and includes sitting fees paid to Directors during the financial year.
3. # Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.
4. ** Mr. Manish Choksi was appointed as a Non-Executive Director on 22nd October, 2018.

B. Details of percentage increase in the remuneration of each Director and CFO & Company Secretary in the financial year 2018-19 are as follows:

Name of Director(s)	Remuneration (in ₹)		Increase/(Decrease)
	2018-19	2017-18	(%)
Late Ashwin Choksi #	22,38,000	47,35,000	$
Ashwin Dani	47,35,000	43,95,000	8
Manish Choksi *	24,50,000	-	$
Abhay Vakil	41,87,895	41,70,000	0
K.B.S. Anand	11,80,80,982	10,57,41,842	12
Mahendra Choksi	33,60,000	33,80,000	(1)
Malav Dani	35,00,000	35,20,000	(1)
Amrita Vakil	32,10,000	32,60,000	(2)
Mahendra Shah	37,40,000	36,40,000	3
Deepak Satwalekar	36,80,000	36,40,000	1
S. Sivaram	31,70,000	32,60,000	(3)
S. Ramadorai	32,30,000	33,50,000	(4)
M.K. Sharma	42,20,000	41,70,000	1
Vibha Paul Rishi	32,80,000	33,20,000	(1)
R. Seshasayee	33,30,000	34,50,000	(3)

CFO & Company Secretary	Remuneration (in ₹)		Increase (%)
	2018-19	2017-18	
Jayesh Merchant**	5,09,82,532	3,85,28,456	32

Notes:

1. The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
2. The remuneration to Directors includes sitting fees paid to them.
3. # Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.
4. * Mr. Manish Choksi was appointed as an Non-Executive Director on 22nd October, 2018.
5. $ Percentage increase/decrease in remuneration is not reported as they were holding Directorship for the part of the financial year 2018-19 and remuneration is not proportionately adjusted.
6. ** The remuneration paid to Mr. Jayesh Merchant, CFO & Company Secretary, President - Industrial JVs for FY 2018-19 includes Long-term incentive pertaining to the FY 2015-16, paid in the FY 2018-19 in accordance with Policy of the Company.

Annexure (B) to Board's Report (Continued)

C. Percentage increase in the median remuneration of all employees in the financial year 2018-19:

(Amount in ₹)

	2018-19	2017-18	Increase (%)
Median remuneration of employees per annum	8,34,376	7,57,344	10

D. Number of permanent employees on rolls of the Company as on 31st March, 2019:

Executive/Manager cadre	1105
Staff	3673
Operators/Workmen	1678
Total	**6456**

E. Comparison of average percentage increase in salary of employees other than Key Managerial Personnel and the percentage increase in the remuneration paid to Key Managerial Personnel:

(Amount in ₹)

	2018-19	2017-18	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	12,16,367	11,38,613	7
Key Managerial Personnel			
- Salary of MD & CEO	11,80,80,982	10,57,41,842	12
- Salary of CFO & CS*	5,09,82,532	3,85,28,456	32

Notes:

1. The increase in remuneration of employees other than the Key Managerial Personnel is considerably in line with the increase in remuneration of Key Managerial Personnel.
2. * The remuneration paid to Mr. Jayesh Merchant, CFO & Company Secretary, President - Industrial JVs for FY 2018-19 includes Long-term incentive pertaining to the FY 2015-16, paid in the FY 2018-19 in accordance with Policy of the Company.

F. Affirmation that the remuneration is as per the Nomination and Remuneration Policy of the Company:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Nomination and Remuneration Policy of the Company.

G. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company and has been uploaded on the website of the Company at https://www.asianpaints.com/more/investors/financial-results.html. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Annexure (C-1) to Board's Report

Secretarial Audit Report for the Financial Year ended 31st March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To:
The Members,
Asian Paints Limited,
6A, Shantinagar,
Santacruz (East),
Mumbai – 400 055

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Asian Paints Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment. and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —

 (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

 (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

 (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018 **(Not applicable to the Company during the Audit Period)**;

 (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;

 (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**;

 (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

 (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

 (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 2018 **(Not applicable to the Company during the Audit Period)**.

(vi) **I further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

 (a) The Environment (Protection) Act, 1986.

 (b) Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) Rules, 1982.

 (c) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules 1975.

 (d) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

 (e) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and

Annexure (C-1) to Board's Report (Continued)

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

Place: Pune **Dr. K. R. Chandratre**
Date: 9th May 2019 **FCS No.: 1370, C. P. No.: 5144**

This report is to be read with my letter of even date which is attached as Annexure and forms an integral part of this report.

Annexure to the Secretarial Audit Report

To:
The Members,
Asian Paints Limited,
6A, Shantinagar,
Santacruz (East),
Mumbai – 400 055

My report of even date is to be read along with this letter:

1 Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company..

Place: Pune **Dr. K. R. Chandratre**
Date: 9th May 2019 **FCS No.: 1370, C. P. No.: 5144**

Annexure (C-2) to Board's Report

Secretarial Compliance Report for the Financial Year ended 31st March, 2019

[Pursuant to requirements of Regulation 24A of the Listing Regulation]

To:
The Members,
Asian Paints Limited,
6A, Shantinagar,
Santacruz (East),
Mumbai – 400 055

I have examined:

(a) all the documents and records made available to us and explanation provided by Asian Paints Limited ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31 March, 2019 ("Review Period") in respect of compliance with the provisions of :

  (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

  (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Review Period)**;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Review Period)**;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Review Period)**;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Review Period)**;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 **(Not applicable to the Company during the Review Period)**; and

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.

(c) No action has been taken against the Company/ its promoters/ directors/ material subsidiaries, if any, either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports: not applicable

Place: Pune
Date: 9th May 2019

Dr. K. R. Chandratre
FCS No.: 1370, C. P. No.: 5144

Annexure (D) to Board's Report

Corporate Social Responsibility (CSR) activities pursuant to Section 135 of the Companies Act, 2013

1. A brief outline of Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web – link to CSR Policy and projects or programs:

The CSR initiatives of the Company aim towards (i) promoting education, including special education, & livelihood projects to reduce drop-out rates & enhance livelihood (ii) creating employability & enhance dignity of the painter community (iii) enabling access to quality, primary health care services (iv) ensuring environmental sustainability by conserving natural resources with a focus on water conservation, replenishment and recharge.

The Company also conducted various employee volunteering initiatives during the financial year 2018 – 19, under the identity 'Sparsh'. The engagements range for a couple of months in which the employee can volunteer with beneficiaries and/or contribute in terms of donations.

The employee volunteering initiatives include:

i. Expressions: Conducting drawing competition for children from Company adopted schools;

ii. Me Super Hero: A wish fulfillment programme for terminally ill children;

iii. Naya Savera: Skill enhancement programme for better livelihood; and

iv. Plogging: A marathon where employees jogged and picked up litter.

Our CSR Policy focuses on four thrust areas of Education, Skills Development, Healthcare & Hygiene and Water Management.

Education:

The Company believes that education is the key to unlock a better life and is a powerful tool to access opportunities. At Asian Paints, we are committed to encourage and support education for communities around our area of operation. The initiatives under the thrust area of education were focused on strengthening infrastructure for education to motivate children by implementing various programmes through our project partners, prevention of school dropout, granting scholarships for higher education, digital literacy, etc.

Skills Development:

Skill building is a powerful tool to empower individuals and drive financial growth and community development of a nation. The Asian Paints Colour Academies help us remain steadfast in our support to the National Skill Development Mission and assist in upskilling of the painter community. The Academies function with the objective to enhance employment opportunities for people in paint industry through vocational trainings that expand skills of painters. The Academies are equipped with modern training facilities for providing hands-on experience.

The Company conducted an impact assessment study of the courses offered by Colour Academy and the results of the study were encouraging to the functioning of the Colour Academy.

Healthcare and Hygiene:

Health and hygiene are two of the fundamental pillars of any society and at Asian Paints, it is our objective to make affordable healthcare facilities available to communities around our area of operations. Thus, we are working towards implementing strategic partnerships to promote better access to quality healthcare and sanitation facilities. The major interventions of the Company are in the areas of providing primary healthcare support and free medical camps for rural communities, road safety intervention for truck driver community, provisioning mobile medical units, ambulances, setting up health clinics for improving community health, providing access to potable water, etc.

Under the thrust area of Healthcare and Hygiene, the CSR initiatives also focused situational contribution to disaster management during the floods in Kerala and cyclone in Tamil Nadu.

Water conservation:

Water is amongst the most precious natural resources that supports life. For water conservation efforts, we have introduced several programmes which focus on ground water recharge, agricultural interventions, desilting of lakes, water storage capacity building, etc. Further, at our manufacturing units, we practice water recycling and waste water treatments to enhance water conservation.

The details of CSR initiatives and the CSR Policy are available on the website of the Company at https://www.asianpaints.com/more/about-us.html.

2. Composition of the CSR Committee:

As on 31st March, 2019, the CSR Committee comprised of Mr. Malav Dani, (Chairman) Mr. Mahendra Choksi, Mr. S Ramadorai, Mrs. Vibha Paul Rishi and Mr. K. B. S. Anand. Mr. Mahendra Choksi, Mr. S. Ramadorai ceased to be members of the Committee w.e.f. 31st March, 2019 and Ms. Amrita Vakil was appointed as a Member of the Committee w.e.f. 1st April, 2019.

Mr. Jayesh Merchant acts as Secretary to the CSR Committee.

Particulars		₹ in crores
3.	**Average Net Profit of the Company for last 3 financial years:**	2,617.58
4.	**Prescribed CSR Expenditure (2% of this amount as in Sr. No. 3 above):**	52.35
5.	**Details of CSR Spent for the financial year 2018-19:**	
a.	**Total amount spent for the financial year:**	52.70
b.	**Amount unspent, if any:**	Nil

c. Manner in which the amount spent during the financial year is detailed below:

(₹ in crores)

CSR projects/Activities	Sector in which the Project is covered	Projects / Programmes coverage	Amount outlay (budget)	Amount spent on the Projects or Programs: Direct Expenditure	Amount spent on the Projects or Programs: Overheads*	Cumulative Expenditure upto the reporting period	Amount spent: Direct / through implementing agency**
• School adoption and improvisation • Capacity development of teachers and children through digital literacy • Development programme for school dropouts • Upgradation of schools for differently abled children • Providing education to enhance employability skill • Granting scholarships for higher education, etc.	Education	Tamil Nadu (Cuddalore, Tiruvallur, Sriperumbudur, Kanchipuram) Maharashtra (Khandala, Satara, Santacruz, Mumbai, Turbhe, Thane) Gujarat (Ankleshwar, Bharuch), Uttar Pradesh (Kasna, Gautam Buddha Nagar), Haryana (Rohtak), Telangana (Patancheru, Medak), Karnataka (Mysore, Nanjangud), Andhra Pradesh (Atchutapuram, Visakhapatnam)	9.35	9.35	0.00	9.35	Direct and through implementing agency
• Providing primary healthcare support through static clinics, mobile medical units, free medical camps for rural communities and ambulance support • Implementing sanitation projects • Running awareness programmes for communities on health and hygiene • Facilitating the ongoing programme 'Safar' to improve health and awareness among truck drivers • Providing access to potable water • Disaster Management - Spend towards relief camps and victims of the Kerala floods and Gaja Cyclone • Establishing medical health centers equipped with laboratory facilities	Health & Hygiene	Maharashtra (Santacruz, Mumbai, Turbhe, Thane), Gujarat (Ankleshwar, Bharuch), Uttar Pradesh (Kasna, Gautam Buddha Nagar), Haryana (Rohtak,), Tamil Nadu (Cuddalore, Tiruvallur, Sriperumbudur, Kanchipuram) Telangana (Patancheru, Medak), Karnataka (Mysore, Nanjangud), Andhra Pradesh (Atchutapuram, Visakhapatnam)	9.93	9.93	0.00	9.93	Direct and through implementing agency

Annexure (D) to Board's Report (Continued)

(₹ in crores)

CSR projects/Activities	Sector in which the Project is covered	Projects / Programmes coverage	Amount outlay (budget)	Amount spent on the Projects or Programs: Direct Expenditure	Overheads*	Cumulative Expenditure upto the reporting period	Amount spent: Direct / through implementing agency**
• Skilling and vocational training • Productivity and livelihood enhancement for dignified living	Vocational Training Program	Maharashtra (Mumbai, Nagpur, Aurangabad & Pune), Karnataka (Bengaluru), Telangana (Hyderabad), Tamil Nadu (Chennai), West Bengal (Kolkata & Burdwan), Gujarat (Ahmedabad), Uttar Pradesh (Lucknow, Varanasi, Kanpur, Ghaziabad, Gorakhpur & Agra), Madhya Pradesh (Jabalpur & Bhopal), Rajasthan (Jaipur), Punjab (Ludhiana), Kerala (Kozhikode), Odisha (Bhubaneshwar), Uttaranchal (Dehradun), Delhi, Chandigarh and Jammu & Kashmir	25.09	22.46	2.63	25.09	Direct
Promoting integrated watershed development in areas around our manufacturing locations including desilting lakes and installing rooftop rainwater harvesting units and recharge systems in villages and schools	Water	Maharashtra (Khandala, Satara), Gujarat (Ankleshwar, Bharuch), Uttar Pradesh (Kasna, Gautam Buddha Nagar), Haryana (Rohtak), Tamil Nadu (Cuddalore, Tiruvallur, Sriperumbudur, Kanchipuram), Telangana (Patancheru, Medak), Karnataka (Mysore, Nanjangud), Andhra Pradesh (Atchutapuram, Visakhapatnam)	8.33	8.33	0.00	8.33	Direct and through implementing agency
TOTAL			**52.70**	**50.07**	**2.63**	**52.70**	

Notes:

1. * The overheads amount is restricted to 5% of total CSR spend for the FY 2018-19. Total CSR overheads incurred by the Company during FY 2018-19 is ₹ 7.76 crores. Total CSR cost including uncapped overheads for FY 2018-19 is ₹ 57.83 crores.

2. ** Details of the Implementing agencies: 1. Aarambh 2. Access Livelihood Consulting India 3. Aga Khan Rural Support Programme 4. Akash Ganga Trust 5. Ankleshwar Industrial Development Society 6. Bihang Welfare Association 7. Bosconet Don Bosco India 8. Child Survival India 9. Collective Good Foundation 10. Deepalaya. 11. DHAN (Development Of Humane Action) Foundation) 12. Enable Health Society 13. Force 14. Goonj 15. Hand In Hand India 16. Head Held High Foundation. 17. Helpage India 18. ICRISAT 19. Janseva Charitable Centre 20. JSS Mahavidya Peetha 21. K M Santhanam Educational Trust 22. Kaka Ba And Kala Budh Public Charitable Trust 23. Kutuhal 24. Ladli Foundation Trust 25. Learning Links Foundation 26. Magic Bus India Foundation 27. National Agro Foundation 28. NIIT Foundation 29. Piramal Swasthya Management and Research Institute 30. Pratham Education Foundation 31. Sard 32. SMARAN (Subedar Malla Reddy Association For Needy) 33. Sri Lakshmi Hayagriva Trust 34. Support NGO 35. Swasth Foundation 36. Tamarind Tree Trust 37. Vanarai Trust 38. World Vision

6. The CSR Committee confirms that the implementation and monitoring of the CSR activities is in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the CSR Committee

K.B.S. Anand
Managing Director & CEO
(DIN: 0351828)

Malav Dani
Chairman
CSR Committee
(DIN: 01184336)

Place: Mumbai
Date: 9th May, 2019

Annexure (E) to Board's Report

Extract of Annual Return in Form 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**	L24220MH1945PLC004598		
ii)	**Registration Date**	24	10	1945
		Date	Month	Year
iii)	**Name of the Company**	Asian Paints Limited		

iv)	**Category of the Company**	
1.	Public Company	√
2.	Private company	

Sub Category of the Company		
1.	Government Company	
2.	Small Company	
3.	One Person Company	
4.	Subsidiary of Foreign Company	
5.	NSFC	
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 of Companies Act, 2013	

v) Address of the Registered Office and Contact Details

Company Name	Asian Paints Limited
Address	6A, Shantinagar, Santacruz (East)
Town/City	Mumbai
State	Maharashtra
Pin Code	400 055
Country Name	India
Country Code	IND
Telephone with STD Area Code Number	(022) 6218 1000
Fax Number	(022) 6218 1111
Email Address	investor.relations@asianpaints.com
Website, if any	www.asianpaints.com
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)**	Yes

Details of the Stock Exchanges where shares are listed:

Sr. No.	**Stock Exchange(s)**	**Stock Code(s)**
1.	BSE Limited (BSE)	500820
2.	The National Stock Exchange of India Limited (NSE)	ASIANPAINT

vii) Name and Address of Registrar & Transfer Agent (RTA)

RTA	TSR Darashaw Limited
Address	6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E Moses Road, Mahalaxmi
Town/City	Mumbai
State	Maharashtra
Pin Code	400 011
Telephone with STD Area Code Number	(022) 6656 8484
Toll free Number	1800 2100 124
Fax Number	(022) 6656 8494
Email Address	csg-unit@tsrdarashaw.com

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:-

Sr. No.	**Name and Decription of main Products/Services**	**NIC of the Product/ Service**	**% to total turnover of the company**
1	Paints, Varnishes, Enamels or Lacquers	20221	98.37

Annexure (E) to Board's Report (Continued)

III. Particulars of Holding, Subsidiary and Associate Companies

[No. of companies for which information is being filled] - 27

Sr. No.	Name and address of the company	Corporate Identity Number/Global Location Number	Subsidiary/ Associate	% of shares held	Applicable Sections of Companies Act, 2013
1.	Asian Paints Industrial Coatings Limited 6A, Shantinagar, Santacruz (East), Mumbai – 400 055, Maharashtra, India	U24220MH2001PLC133523	Subsidiary	100	2(87)
2.	Reno Chemicals Pharmaceuticals and Cosmetics Private Limited 6B, Shantinagar, Santacruz (East), Mumbai – 400 055, Maharashtra, India	U24110MH1972PTC015839	Subsidiary	100	2(87)
3.	Maxbhumi Developers Limited Plot No. 5, Gaiwadi Industrial Estate, S.V. Road, Goregaon (West), Mumbai - 400062, Maharashtra, India	U45400MH2007PLC175925	Subsidiary	100	2(87)
4.	Sleek International Private Limited 301/302, 3rd Floor, D & G Wing Lotus Corporate Park Off Western Express Highway Opp. S.R.P.F. ground, Goregaon (East), Mumbai 400 063, Maharashtra, India	U31300MH1993PTC070859	Subsidiary	100	2(87)
5.	Asian Paints (Nepal) Private Limited Hetauda Industrial Estate, Hetauda-8, Makwanpur, Nepal	-	Subsidiary	51	2(87)
6.	Causeway Paints Lanka (Private) Limited No :15, Noel Mendis Mawatha, Modarawila Industrial Estate Panadura, Sri Lanka	-	Subsidiary	100	2(87)
7.	Asian Paints (Bangladesh) Limited House # 428A, 4th & 5th floor, Road # 30, New DOHS, Mohakhali, Dhaka- 1206, Bangladesh.	-	Subsidiary	89.78	2(87)
8.	Asian Paints (Lanka) Limited 81, Koralawella Road, Moratuwa, Sri Lanka.	-	Subsidiary	99.18	2(87)
9.	Asian Paints (Middle East) LLC P. O. Box 462, Al Khuwair, Postal Code 133, Muscat, Sultanate of Oman	-	Subsidiary	49	2(87)
10.	Asian Paints (South Pacific) Pte Limited Fiji, 7-9-11, Ruve Place, Tavakubu, P.O. Box 694, Lautoka, Fiji Islands	-	Subsidiary	54.07	2(87)
11.	Asian Paints (Solomon Island) Limited P O Box R 156, Ranadi Post Office, Honiara, Solomon Islands	-	Subsidiary	75	2(87)
12.	Asian Paints (Tonga) Limited P. O. Box No: 1454, Nuku'alofa, Tonga	-	Subsidiary	100	2(87)
13.	Asian Paints (Vanuatu) Limited P. O. Box 253, Port Vila, Vanuatu	-	Subsidiary	60	2(87)

Sr. No.	Name and address of the company	Corporate Identity Number/Global Location Number	Subsidiary/ Associate	% of shares held	Applicable Sections of Companies Act, 2013
14.	Samoa Paints Limited P. O. Box 3037, Apia, Samoa	-	Subsidiary	80	2(87)
15.	SCIB Chemical S.A.E 4th Indusrial Zone, Area (1/3/B)/B, 6th October City, Egypt	-	Subsidiary	60	2(87)
16.	Asian Paints International Private Limited 22, Benoi Sector, Singapore 629854	-	Subsidiary	100	2(87)
17.	Berger Paints Singapore Pte Limited 22, Benoi Sector, Singapore 629854	-	Subsidiary	100	2(87)
18.	Berger Paints Bahrain W.L.L. P O Box 26688, Manama, Kingdom of Bahrain	-	Subsidiary	100	2(87)
19.	Berger Paints Emirates LLC P O Box: 27524, Dubai, UAE	-	Subsidiary	100	2(87)
20.	Kadisco Paint & Adhesive Industry S.C. P. O. Box 120919, Akaki Kality Industrial Zone, Addis Ababa, Ethiopia	-	Subsidiary	51	2(87)
21.	PT Asian Paints Indonesia Marquee Office, 17th Floor, Pondok Indah Office Tower 3, Jl Sultan Iskandar Muda Kav. V-TA, Jakarta - 12310, Indonesia	-	Subsidiary	100	2(87)
22.	PT Asian Paints Color Indonesia Marquee Office, 17th Floor, Pondok Indah Office Tower 3, Jl Sultan Iskandar Muda Kav. V-TA, Jakarta - 12310, Indonesia	-	Subsidiary	100	2(87)
23.	Enterprise Paints Limited 6th Floor, Victory House, Prospect Hill, Douglas, Isle of man / M1 IEQ	-	Subsidiary	100	2(87)
24.	Nirvana Investments Limited 6th Floor, Victory House, Prospect Hill, Douglas, Isle of man / M1 IEQ	-	Subsidiary	100	2(87)
25.	Universal Paints Limited 6th Floor, Victory House, Prospect Hill, Douglas, Isle of Man / M1 IEQ	-	Subsidiary	100	2(87)
26.	Asian Paints PPG Private Limited 6A, Shantinagar, Santacruz (East), Mumbai - 400055, Maharashtra, India	U24200MH1997PTC105961	Associate	50	2(6)
27.	PPG Asian Paints Private Limited 6A, Shantinagar, Santacruz (East), Mumbai - 400055, Maharashtra, India	U24110MH2011PTC220557	Associate	50	2(6)

Annexure (E) to Board's Report (Continued)

IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

A. Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoters									
(1) Indian									
(a) Individuals / Hindu Undivided Family	102,208,177	0	102,208,177	10.65	101,868,177	0	101,868,177	10.62	(0.03)
(b) Bodies Corporate	403,922,685	0	403,922,685	42.11	404,262,685	0	404,262,685	42.14	0.03
(c) Any Other (Trust)	253,620	0	253,620	0.03	253,620	0	253,620	0.03	0.00
Sub-Total (A) (1)	506,384,482	0	506,384,482	52.79	506,384,482	0	506,384,482	52.79	0.00
(2) Foreign	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)	**506,384,482**	**0**	**506,384,482**	**52.79**	**506,384,482**	**0**	**506,384,482**	**52.79**	**0.00**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds/ UTI	27,547,150	4,190	27,551,340	2.87	40,386,742	4,190	40,390,932	4.22	1.35
(b) Financial Institutions / Banks	1,141,916	5,760	1,147,676	0.12	315,465	5,760	321,225	0.03	(0.09)
(c) Central Government	883,533	0	883,533	0.09	513,575	0	513,575	0.05	(0.04)
(d) Insurance Companies	83,583,928	1,000	83,584,928	8.72	47,603,853	1,000	47,604,853	4.96	(3.76)
(e) Foreign Institutional Investors	144,692,064	0	144,692,064	15.09	156,680,363	0	156,680,363	16.33	1.24
Sub-Total (B) (1)	**257,848,591**	**10,950**	**257,859,541**	**26.89**	**245,499,998**	**10,950**	**245,510,948**	**25.59**	**(1.30)**

Category of shareholders		No. of Shares held at the beginning of the year i.e. 01.04.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i	Indian	60,345,652	531,810	60,877,462	6.34	76,744,338	42,320	76,786,658	8.02	1.68
ii	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	97,724,412	10,321,247	108,045,659	11.26	96,904,626	8,363,123	105,267,749	10.97	(0.29)
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,783,298	332,060	9,115,358	0.95	8,315,625	216,330	8,531,955	0.89	(0.06)
(c)	Any Other (specify)									
i	Non-resident Indian	10,718,602	1,435,520	12,154,122	1.28	10,889,860	1,159,140	12,049,000	1.26	(0.02)
ii	Foreign Nationals	0	0	0	0.00	1,800	0	1,800	0.00	0.00
iii	BC-NBFC	45,547	0	45,547	0.00	24,979	0	24,979	0.00	0.00
iv	Trust	4,715,619	0	4,715,619	0.49	4,640,219	0	4,640,219	0.48	(0.01)
Sub-total (B) (2)		**182,333,130**	**12,620,637**	**194,953,767**	**20.32**	**197,521,447**	**9,780,913**	**207,302,360**	**21.62**	**1.30**
Total Public Shareholding (B) = (B)(1)+(B)(2)		**440,181,721**	**12,631,587**	**452,813,308**	**47.21**	**443,021,445**	**9,791,863**	**452,813,308**	**47.21**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		**946,566,203**	**12,631,587**	**959,197,790**	**100.00**	**949,405,927**	**9,791,863**	**959,197,790**	**100.00**	**-**

Annexure (E) to Board's Report (Continued)

B. Shareholding of Promoters

Sr. No.	Shareholder's Name#	Shareholding at the beginning of the year as on 01.04.18			Shareholding at the end of the year as on 31.03.2019			% 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.	Aashay Ashish Choksi	125,380	0.01	0.00	125,380	0.01	0.00	0
2.	Ami Manish Choksi	472,200	0.05	0.00	472,200	0.05	0.00	0
3.	Anay Rupen Choksi	130,500	0.01	0.00	130,500	0.01	0.00	0
4.	Ashish Ashwin Choksi	880,840	0.09	0.00	880,840	0.09	0.00	0
5.	Ashish Ashwin Choksi Karta for Ashish Ashwin Choksi HUF	5,620	0.00	0.00	5,620	0.00	0.00	0
6.	Late Ashwin Chimanlal Choksi **	419,060	0.04	0.00	785,700	0.08	0.00	0.04
7.	Ashish Ashwin Choksi Karta for Ashwin Chimanlal Choksi HUF **	366,640	0.04	0.00	0	0.00	0.00	(0.04)
8.	Binita Ashish Choksi	131,700	0.01	0.00	131,700	0.01	0.00	0
9.	Druhi Ashish Choksi	100,000	0.01	0.00	100,000	0.01	0.00	0
10.	Jigish Shailesh Choksi	1,995,180	0.21	0.00	1,995,180	0.21	0.00	0
11.	Mahendra Chimanlal Choksi Karta for Mahendra Chimanlal Choksi HUF	539,800	0.06	0.00	539,800	0.06	0.00	0
12.	Mahendra Chimanlal Choksi	1,656,380	0.17	0.00	1,656,380	0.17	0.00	0
13.	Manish Mahendra Choksi	2,381,040	0.25	0.00	2,381,040	0.25	0.00	0
14.	Manish Mahendra Choksi Karta for Manish Mahendra Choksi HUF	7,500	0.00	0.00	7,500	0.00	0.00	0
15.	Nysha Rupen Choksi	102,750	0.01	0.00	102,750	0.01	0.00	0
16.	Prafullika Shailesh Choksi	2,142,560	0.22	0.00	2,142,560	0.22	0.00	0
17.	Rhea Manish Choksi	702,000	0.07	0.00	702,000	0.07	0.00	0
18.	Richa Manish Choksi	180,450	0.02	0.00	180,450	0.02	0.00	0
19.	Rita Mahendra Choksi	980,000	0.10	0.00	980,000	0.10	0.00	0
20.	Rupal Anant Bhat	1,923,770	0.20	0.00	1,923,770	0.20	0.00	0
21.	Rupen Ashwin Choksi	928,607	0.10	0.00	928,607	0.10	0.00	0
22.	Shailesh Chimanlal Choksi	2,591,210	0.27	0.00	2,591,210	0.27	0.00	0
23.	Shailesh Chimanlal Choksi Karta for Shailesh Chimanlal Choksi HUF	1,749,690	0.18	0.00	1,749,690	0.18	0.00	0
24.	Urvashi Ashwin Choksi	838,110	0.09	0.00	838,110	0.09	0.00	0
25.	Vishal Shailesh Choksi	2,951,220	0.31	0.00	2,951,220	0.31	0.00	0
26.	Ashwin Ramanlal Gandhi	4,325,790	0.45	0.07	4,325,790	0.45	0.07	0
27.	Ashwin Suryakant Dani	1,239,870	0.13	0.00	1,239,870	0.13	0.00	0
28.	Ashwin Suryakant Dani Karta for Ashwin Suryakant Dani HUF	845,000	0.09	0.00	845,000	0.09	0.00	0
29.	Chandanben Chhotalal Shah	20,000	0.00	0.00	20,000	0.00	0.00	0
30.	Hasit Ashwin Dani	3,956,800	0.41	0.00	3,616,800	0.38	0.00	(0.03)
31.	Hasit Ashwin Dani Karta for Hasit Ashwin Dani HUF	48,000	0.00	0.00	48,000	0.01	0.00	0
32.	Hiren Ashwin Gandhi	1,589,300	0.17	0.00	1,589,300	0.17	0.02	0
33.	Ina Ashwin Dani	515,920	0.05	0.00	515,920	0.05	0.00	0
34.	Ishwara Hasit Dani	410,710	0.04	0.00	410,710	0.04	0.00	0
35.	Jalaj Ashwin Dani	1,600,200	0.17	0.00	1,600,200	0.17	0.00	0
36.	Malav Ashwin Dani	3,305,510	0.34	0.00	3,305,510	0.34	0.00	0

Sr. No.	Shareholder's Name#	Shareholding at the beginning of the year as on 01.04.18			Shareholding at the end of the year as on 31.03.2019			% 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*	
37.	Meghna Satyen Gandhi	75,000	0.01	0.00	75,000	0.01	0.00	0
38.	Mudit Jalaj Dani	159,800	0.02	0.00	159,800	0.02	0.00	0
39.	Satyen Ashwin Gandhi	1,608,880	0.17	0.00	1,608,880	0.17	0.00	0
40.	Shubhlakshmi Hasit Dani	59,500	0.00	0.00	59,500	0.01	0.00	0
41.	Smiti Jalaj Dani	139,110	0.01	0.00	139,110	0.01	0.00	0
42.	Vaibhavi Hiren Gandhi	75,000	0.01	0.00	75,000	0.01	0.00	0
43.	Vita J Dani	435,260	0.05	0.00	435,260	0.05	0.00	0
44.	Abhay Arvind Vakil Karta for Abhay Arvind Vakil HUF	2,076,820	0.22	0.00	2,076,820	0.22	0.00	0
45.	Abhay Arvind Vakil	23,288,200	2.43	0.00	23,288,200	2.43	0.00	0
46.	Abhay Arvind Vakil Karta for Vakil HUF	3,103,290	0.32	0.00	3,103,290	0.32	0.00	0
47.	Amar Arvind Vakil	10,918,980	1.14	0.00	10,918,980	1.14	0.00	0
48.	Amar Arvind Vakil Karta for Amar Vakil HUF	2,112,190	0.22	0.00	2,112,190	0.22	0.00	0
49.	Amrita Amar Vakil	2,566,680	0.27	0.00	2,566,680	0.27	0.00	0
50.	Asha Subhash Gujarathi	1,423,400	0.15	0.00	1,423,400	0.15	0.00	0
51.	Bhairavi Abhay Vakil	2,247,000	0.23	0.00	2,247,000	0.23	0.00	0
52.	Dipika Amar Vakil	2,026,130	0.21	0.00	2,026,130	0.21	0.00	0
53.	Nehal Abhay Vakil	2,371,280	0.25	0.00	2,371,280	0.25	0.00	0
54.	Ragini Varun Vakil	5,000	0.00	0.00	5,000	0.00	0.00	0
55.	Varun Amar Vakil	2,230,590	0.23	0.00	2,230,590	0.23	0.00	0
56.	Vivek Abhay Vakil	3,126,760	0.33	0.00	3,126,760	0.33	0.00	0
57.	Castle Investment & Industries Private Limited	15,457,470	1.61	0.00	15,457,470	1.61	0.00	0
58.	Centaurus Trading and Investments Private Limited	7,408,940	0.77	0.00	7,408,940	0.77	0.00	0
59.	Doli Trading and Investments Private Limited	9,363,440	0.98	0.00	9,363,440	0.98	0.00	0
60.	ELF Trading & Chemicals Manufacturing Limited	2,108,160	0.22	0.00	2,108,160	0.22	0.00	0
61.	Jaldhar Investments and Trading Company Private Limited	12,428,250	1.30	0.00	12,428,250	1.30	0.00	0
62.	Lyon Investment & Industries Private Limited	14,342,060	1.50	0.00	14,342,060	1.50	0.00	0
63.	Rupen Investment & Industries Private Limited	18,849,825	1.97	0.02	18,849,825	1.97	0.00	0
64.	Satyadharma Investments and Trading Company Private Limited.	18,334,280	1.91	0.00	18,334,280	1.91	0.00	0
65.	Sudhanava Investments and Trading Company Private Limited	19,001,760	1.98	0.46	19,001,760	1.98	0.21	0
66.	Tru Trading and Investments Private Limited	12,176,500	1.27	0.00	12,176,500	1.27	0.00	0
67.	Dani Finlease Limited	10,930	0.00	0.00	10,930	0.00	0.00	0
68.	Geetanjali Trading and Investments Private Limited	49,267,440	5.14	2.69	49,267,440	5.14	2.36	0
69.	Gujarat Organics Limited	22,810,730	2.38	0.00	23,150,730	2.41	0.00	0.03

Annexure (E) to Board's Report (Continued)

Sr. No.	Shareholder's Name#	Shareholding at the beginning of the year as on 01.04.18			Shareholding at the end of the year as on 31.03.2019			% 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*	
70.	Hiren Holdings Private Limited	4,152,310	0.43	0.00	4,152,310	0.43	0.00	0
71.	Sattva Holding and Trading Private Limited	52,884,120	5.51	1.37	52,884,120	5.51	1.08	0
72.	Rayirth Holding and Trading Company Private Limited	1,329,500	0.14	0.12	1,329,500	0.14	0.12	0
73.	Smiti Holding and Trading Company Private Limited	54,084,120	5.64	2.22	54,084,120	5.64	2.46	0
74.	Asteroids Trading and Investments Private Limited	10,818,530	1.13	0.00	10,818,530	1.13	0.00	0
75.	Elcid Investments Limited	28,313,860	2.95	0.00	28,313,860	2.95	0.00	0
76.	Jalaj Trading & Investment Company Private Limited	10,776,620	1.12	0.00	10,776,620	1.12	0.00	0
77.	Lambodar Investments and Trading Company Limited	6,015,130	0.63	0.00	6,015,130	0.63	0.00	0
78.	Murahar Investments and Trading Company Limited	5,743,670	0.60	0.00	5,743,670	0.60	0.00	0
79.	Nehal Trading and Investments Private Limited	11,102,530	1.16	0.00	11,102,530	1.16	0.00	0
80.	Suptaswar Investments and Trading Company Limited	6,558,310	0.68	0.00	6,558,310	0.68	0.00	0
81.	Unnati Trading and Investments Private Limited	10,472,600	1.09	0.00	10,472,600	1.09	0.00	0
82.	Vikatmev Containers Limited	111,600	0.01	0.00	111,600	0.01	0.00	0
83.	Dani Charitable Foundation	253,620	0.03	0.00	0	0.00	0.00	0.03
84.	Ashwin-Ina Charitable Trust	0	0.00	0.00	101,448	0.01	0.00	0.01
85.	Pious Charitable Trust	0	0.00	0.00	50,724	0.00	0.00	0.00
86.	Param-Arth Charitable Trust	0	0.00	0.00	50,724	0.00	0.00	0.00
87.	Advaita Charitable Trust	0	0.00	0.00	50,724	0.00	0.00	0.00
Total		**506,384,482**	**52.79**	**6.95**	**506,384,482**	**52.79**	**6.32**	

Notes:

1. # The shares held by the Promoter(s)/ Promoter(s) Group have been clubbed on the basis of their first name. Anant Raghuveer Bhat, Arhaan Anant Bhat, Rehaan Anant Bhat, S C Dani Research Foundation Private Limited, Haish Holding and Trading Company Private Limited, Vijal Holding And Trading Company Private Limited, Avinash Holding and Trading Company Private Limited, Canes Venatici Private Limited, Hydra Trading Private Limited, Hitech Specialities Solutions Limited, Rituh Holding and Trading Company Private Limited, Hitech Corporation Limited, Hitech Insurance Broking Services Limited, Homevilla Yoga Private Limited, Riash Realty Private Limited, Stack Pack Limited, Dani Charitable Foundation, Sabka Mangal Ho Foundation, Ashiyana Trust, Cronus Trust, Ishwara Trust, Naradiya Trust, Homevilla Charitable Trust, ACC AP Trust, Cronus Merchandise LLP, Mefree LLP, forming part of Promoter(s) and Promoter(s) Group do not hold any shares in the Company as on 31st March, 2019.

2. * The % of shares pledged/encumbered represents % of shares pledged/encumbered as a % of the total shares of the Company. The term "encumbrance" has the same meaning as assigned to it Regulation 28(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

3. ** Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018 and as per an intimation received from the Promoter(s)/Promoter(s) Group of the Company, his eldest son, Mr. Ashish Choksi, became the Karta for Ashwin Chimanlal Choksi HUF. 366,640 shares held by Mr. Ashish Choksi, Karta for Ashwin Chimanlal Choksi HUF were transferred into the account held in the name of Mr. Ashwin Choksi, pursuant to partition of the HUF as per the family agreement.

C. Change in Promoters' Shareholding:

Sr. No.	Shareholder's Name	Shareholding		Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Gujarat Organics Limited				
	At the beginning of the year	22,810,730	2.38	22,810,730	2.38
	Increase (22-05-2018)	340,000	0.03	23,150,730	2.41
	At the end of the year	23,150,730	2.41	23,150,730	2.41
2.	Hasit Ashwin Dani				
	At the beginning of the year	3,956,800	0.41	3,956,800	0.41
	Decrease (22-05-2018)	(340,000)	(0.03)	3,616,800	0.38
	At the end of the year	3,616,800	0.38	3,616,800	0.38
3.	Late Ashwin Chimanlal Choksi #				
	At the beginning of the year	419,060	0.04	419,060	0.04
	Increase (20-02-2019)	366,640	0.04	785,700	0.08
	At the end of the year	785,700	0.08	785,700	0.08
4.	Ashish Ashwin Choksi Karta for Ashwin Chimanlal Choksi HUF #				
	At the beginning of the year	366,640	0.04	366,640	0.04
	Decrease (20-02-2019)	(366,640)	(0.04)	0	0.00
	At the end of the year	0	0.00	0	0.00
5.	Dani Charitable Foundation				
	At the beginning of the year	253,620	0.03	253,620	0.03
	Decrease (20-03-2019)	(253,620)	(0.03)	0	0.00
	At the end of the year	0	0.00	0	0.00
6.	Ashwin-Ina Charitable Trust				
	At the beginning of the year	0	0.00	0	0.00
	Increase (20-03-2019)	101,448	0.01	101,448	0.01
	At the end of the year	101,448	0.01	101,448	0.01
7.	Pious Charitable Trust				
	At the beginning of the year	0	0.00	0	0.00
	Increase (20-03-2019)	50,724	0.00	50,724	0.00
	At the end of the year	50,724	0.00	50,724	0.00
8.	Param-Arth Charitable Trust				
	At the beginning of the year	0	0.00	0	0.00
	Increase (20-03-2019)	50,724	0.00	50,724	0.00
	At the end of the year	50,724	0.00	50,724	0.00
9.	Advaita Charitable Trust				
	At the beginning of the year	0	0.00	0	0.00
	Increase (20-03-2019)	50724	0.00	50724	0.00
	At the end of the year	50724	0.00	50724	0.00

Notes:

1. Date of increase/decrease has been considered as the date on which actual transaction was effected.
2. # Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018 and as per an intimation received from the Promoter(s)/Promoter(s) Group of the Company, his eldest son, Mr. Ashish Choksi, became the Karta for Ashwin Chimanlal Choksi HUF. 366,640 shares held by Mr. Ashish Choksi, Karta for Ashwin Chimanlal Choksi HUF were transferred into the account held in the name of Mr. Ashwin Choksi, pursuant to partition of the HUF as per the family agreement.

Annexure (E) to Board's Report (Continued)

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

Sr. No.	Shareholder's Name	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Teesta Retail Private Limited				
	At the beginning of the year	46,987,850	4.90	46,987,850	4.90
	Bought During the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	46,987,850	4.90	46,987,850	4.90
2.	Life Insurance Corporation of India				
	At the beginning of the year	73,600,266	7.67	73,600,266	7.67
	Bought During the year	281,258	0.03	73,881,524	7.70
	Sold during the year	(35,864,966)	(3.74)	38,016,558	3.96
	At the end of the year	38,016,558	3.96	38,016,558	3.96
3.	SBI Mutual Fund				
	At the beginning of the year	4,936,720	0.51	4,936,720	0.51
	Bought During the year	6,362,896	0.66	11,299,616	1.17
	Sold during the year	(728,937)	(0.08)	10,570,679	1.09
	At the end of the year	10,570,679	1.09	10,570,679	1.09
4.	ICICI Prudential Mutual Fund				
	At the beginning of the year	10,500,437	1.09	10,500,437	1.09
	Bought During the year	5,889,472	0.61	16,389,909	1.70
	Sold during the year	(9,437,698)	(0.98)	6,952,211	0.72
	At the end of the year	6,952,211	0.72	6,952,211	0.72
5.	Government of Singapore				
	At the beginning of the year	4,988,379	0.52	4,988,379	0.52
	Bought During the year	2,030,505	0.21	7,018,884	0.73
	Sold during the year	(367,372)	(0.04)	6,651,512	0.69
	At the end of the year	6,651,512	0.69	6,651,512	0.69
6.	Axis Mutual Fund				
	At the beginning of the year	1,144,899	0.12	1,144,899	0.12
	Bought During the year	4,995,936	0.52	6,140,835	0.64
	Sold during the year	(918,299)	(0.10)	5,222,536	0.54
	At the end of the year	5,222,536	0.54	5,222,536	0.54
7.	Vanguard Emerging Markets Stock Index Fund A Series of VIEIF				
	At the beginning of the year	4,938,568	0.51	4,938,568	0.51
	Bought During the year	175,369	0.02	5,113,937	0.53
	Sold during the year	(520,135)	(0.05)	4,593,802	0.48
	At the end of the year	4,593,802	0.48	4,593,802	0.48
8.	Vanguard Total International Stock Index Fund				
	At the beginning of the year	3,882,180	0.40	3,882,180	0.40
	Bought During the year	568,446	0.06	4,450,626	0.46
	Sold during the year	0	0.00	4,450,626	0.46
	At the end of the year	4,450,626	0.46	4,450,626	0.46
9.	National Pension System (NPS) Trust				
	At the beginning of the year	3,913,589	0.41	3,913,589	0.41
	Bought During the year	324,052	0.03	4,237,641	0.44
	Sold during the year	(10,000)	0.00	4,227,641	0.44
	At the end of the year	4,227,641	0.44	4,227,641	0.44

Sr. No.	Shareholder's Name	Shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10.	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	534,909	0.06	534,909	0.06
	Bought During the year	5,728,360	0.60	6,263,269	0.66
	Sold during the year	(2,097,413)	(0.22)	4,165,856	0.44
	At the end of the year	4,165,856	0.44	4,165,856	0.44
11.	SBI Life Insurance Company Limited				
	At the beginning of the year	1,017,364	0.11	1,017,364	0.11
	Bought During the year	3,404,819	0.35	4,422,183	0.46
	Sold during the year	(676,545)	(0.07)	3,745,638	0.39
	At the end of the year	3,745,638	0.39	3,745,638	0.39
12.	Aberdeen Global Indian Equity Limited				
	At the beginning of the year	4,547,000	0.47	4,547,000	0.47
	Bought During the year	0	0.00	4,547,000	0.47
	Sold during the year	(862,000)	(0.09)	3,685,000	0.38
	At the end of the year	3,685,000	0.38	3,685,000	0.38
13.	Norges Bank on Account of Government Pension Fund Global				
	At the beginning of the year	0	0.00	0	0.00
	Bought During the year	3,146,452	0.33	3,146,452	0.33
	Sold during the year	(81,235)	(0.01)	3,065,217	0.32
	At the end of the year	3,065,217	0.32	3,065,217	0.32
14.	Max Life Insurance Company Limited				
	At the beginning of the year	115,409	0.01	115,409	0.01
	Bought During the year	4,546,893	0.47	4,662,302	0.48
	Sold during the year	(1,599,685)	(0.17)	3,062,617	0.31
	At the end of the year	3,062,617	0.31	3,062,617	0.31
15.	HDFC Life Insurance Company Limited				
	At the beginning of the year	1,789,259	0.19	1,789,259	0.19
	Bought During the year	1,473,860	0.15	3,263,119	0.34
	Sold during the year	(249,093)	(0.03)	3,014,026	0.31
	At the end of the year	3,014,026	0.31	3,014,026	0.31
16.	Ishares India Index Mauritius Company				
	At the beginning of the year	3,337,605	0.35	3,337,605	0.35
	Bought During the year	97,808	0.01	3,435,413	0.36
	Sold during the year	(445,541)	(0.05)	2,989,872	0.31
	At the end of the year	2,989,872	0.31	2,989,872	0.31
17.	Ishares Core Emerging Markets Mauritius Co.				
	At the beginning of the year	2,365,783	0.25	2,365,783	0.25
	Bought During the year	715,682	0.07	3,081,465	0.32
	Sold during the year	(113,252)	(0.01)	2,968,213	0.31
	At the end of the year	2,968,213	0.31	2,968,213	0.31

Notes:

1. The shares of the Company are traded on daily basis and hence date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on PAN of the Shareholder.
2. The date wise increase or decrease in shareholding of top ten shareholders is available on the website of the Company at https://www.asianpaints.com/more/investors/financial-results.html.

Annexure (E) to Board's Report (Continued)

E. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding: No. of shares at the beginning of the year (01.04.2018)/ end of the year 31.03.2019)	Shareholding: % of total shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year: No. of shares	Cumulative Shareholding during the year: % of total shares of the Company
Director(s)								
1.	Late Ashwin Choksi*	785,700	0.08	01.04.2018	0	Nil movement during the year	785,700	0.08
		785,700	0.08	31.03.2019			785,700	0.08
2.	Ashwin Dani	2,084,870	0.22	01.04.2018	0	Nil movement during the year	2,084,870	0.22
		2,084,870	0.22	31.03.2019			2,084,870	0.22
3.	Manish Choksi#	2,388,540	0.25	01.04.2018	0	Nil movement during the year	2,388,540	0.25
		2,388,540	0.25	31.03.2019			2,388,540	0.25
4.	Abhay Vakil	28,468,310	2.97	01.04.2018	0	Nil movement during the year	28,468,310	2.97
		28,468,310	2.97	31.03.2019			28,468,310	2.97
5.	Mahendra Choksi	2,196,180	0.23	01.04.2018	0	Nil movement during the year	2,196,180	0.23
		2,196,180	0.23	31.03.2019			2,196,180	0.23
6.	Malav Dani	3,305,510	0.34	01.04.2018	0	Nil movement during the year	3,305,510	0.34
		3,305,510	0.34	31.03.2019			3,305,510	0.34
7.	Amrita Vakil	2,566,680	0.27	01.04.2018	0	Nil movement during the year	2,566,680	0.27
		2,566,680	0.27	31.03.2019			2,566,680	0.27
8.	K. B. S. Anand @	270	0	01.04.2018	0	Nil movement during the year	270	0
		270	0	31.03.2019			270	0
9.	Deepak Satwalekar	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
10.	S. Sivaram	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
11.	Mahendra Shah	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
12.	S. Ramadorai	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
13.	M. K. Sharma	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
14.	Vibha Paul Rishi	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0
15.	R. Seshasayee	1,496	0	01.04.2018	0	Nil movement during the year	1,496	0
		1,496	0	31.03.2019			1,496	0
Key Managerial Personnel(s)								
1.	K.B.S. Anand @	270	0	01.04.2018	0	Nil movement during the year	270	0
		270	0	31.03.2019			270	0
2.	Jayesh Merchant	0	0	01.04.2018	0	Nil movement during the year	0	0
		0	0	31.03.2019			0	0

Notes:

1. * Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018 and as per an intimation received from the Promoter(s)/Promoter(s) Group of the Company, his eldest son, Mr. Ashish Choksi, became the Karta for Ashwin Chimanlal Choksi HUF. 366,640 shares held by Mr. Ashish Choksi, Karta for Ashwin Chimanlal Choksi HUF were transferred into the account held in the name of Mr. Ashwin Choksi, pursuant to partition of the HUF as per the family agreement.
2. Shares held by Directors as Karta of HUF, if any, have been clubbed with their individual shareholding.
3. # Mr. Manish Choksi was appointed as an Non-Executive Director on 22nd October, 2018.
4. @ Mr. K.B.S. Anand, Managing Director & CEO has been included in the list of Directors as well as KMP.

V. Indebtedness

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

(₹ in Crores)

	Secured Loans (Excluding deposits)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	15.22	-	-	15.22
(ii) Interest due but not paid	-			
(iii) Interest accrued but not due	-			
Total (i + ii + iii)	**15.22**	**-**	**-**	**15.22**
Changes in Indebtedness during the financial year				
(i) Addition	-	4.35		4.35
(ii) Reduction (Repayment)	(1.42)	-		(1.42)
Net change	(1.42)	4.35		2.93
Indebtedness at the end of the financial year				-
(i) Principal Amount	13.80	4.35		18.15
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	-	-		-
Total (i + ii + iii)	**13.80**	**4.35**	**-**	**18.15**

The above includes interest free loans under Sales Tax deferment schemes of various states as given in Note 15 of standalone financial statements.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Key Managerial Personnel for the Financial year 2018-19:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Managing Director	CFO & Company Secretary
		K.B.S. Anand	Jayesh Merchant
1.	Gross salary (excluding Commission)		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,44,01,300	4,47,03,506
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,75,92,162	33,51,150
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	5,25,00,000	-
	- as % of profit	0.17	-
	- others, specify	-	-
5.	Others - Employer contribution to provident and other funds	35,87,520	29,27,876
	Total	**11,80,80,982**	**5,09,82,532**
	Ceiling as per the Companies Act, 2013	1,57,49,20,000	NA

Note:

Remuneration paid to the Managing Director & CEO is within the ceiling provided under Section 196 of the Companies Act, 2013.

Annexure (E) to Board's Report (Continued)

B. Remuneration to Non-Executive Directors for the Financial year 2018-19:

(Amount in ₹)

Name of Director(s)	Fee for attending board/ committee meetings	Commission	Others@	Total
1. Independent Directors:				
Mahendra Shah	7,40,000	30,00,000	-	37,40,000
Deepak Satwalekar	4,80,000	32,00,000	-	36,80,000
S. Sivaram	3,70,000	28,00,000	-	31,70,000
S. Ramadorai	4,30,000	28,00,000	-	32,30,000
M.K. Sharma	8,20,000	34,00,000	-	42,20,000
Vibha Paul Rishi	4,80,000	28,00,000	-	32,80,000
R. Seshasayee	5,30,000	28,00,000	-	33,30,000
Total (1)	**38,50,000**	**2,08,00,000**	**-**	**2,46,50,000**
2. Other Non-Executive Directors:				
Late Ashwin Choksi*	1,00,000	18,00,000	3,38,000	22,38,000
Ashwin Dani	5,00,000	35,00,000	7,35,000	47,35,000
Manish Choksi#	2,50,000	22,00,000	-	24,50,000
Abhay Vakil	6,50,000	28,00,000	7,37,895	41,87,895
Mahendra Choksi	5,60,000	28,00,000	-	33,60,000
Malav Dani	5,00,000	30,00,000	-	35,00,000
Amrita Vakil	4,10,000	28,00,000	-	32,10,000
Total (2)	**29,70,000**	**1,89,00,000**	**18,10,895**	**2,36,80,895**
Total (1+2)	**68,20,000**	**3,97,00,000**	**18,10,895**	**4,83,30,895**
Ceiling as per the Companies Act, 2013				31,66,40,619

Notes:

1. * Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.
2. # Mr. Manish Choksi was appointed as a Non-Executive Director on 22nd October, 2018.
3. @ Represents retrial benefits like pension and medical reimbursement as per their contracts entered with the Company in their erstwhile capacity as Executive Directors which ended on 31st March, 2009.

VII. Penalties/Punishment/Compounding of Offences (under the Companies Act, 2013):

Nil

For and on behalf of the Board

Ashwin Dani
Chairman
(DIN: 00009126)

Place: Mumbai
Date: 9th May, 2019

Annexure (F) to Board's Report

Form AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under fourth 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	NA
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 (a) the requisite resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013	

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	

All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company.

For and on behalf of the Board

Ashwin Dani
Chairman
(DIN: 00009126)

Place: Mumbai
Date: 9th May, 2019

Annexure (G) to Board's Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

A) Energy Conservations Measures Taken

The manufacturing units of the Company have continued their efforts to reduce energy consumption. Mysuru and Vizag plants got commissioned in September, 2018 and January, 2019, respectively. Both the plants are in the process of ramp up and stabilization of operations. Specific Power Consumption for Mysuru and Vizag plants will be reported from FY 2019-20.

Some of the key measures taken in all the plants are as below:

- Establishing single pass products in sand mills in solvent base for certain products
- Elimination of chilled water usage for sand mills by improving processes
- Pressure based operation of dust collectors using actuated valves
- Improving rate index in certain streams in solvent paints
- Elimination of compressed air in packing for vacuum application
- Process changes in addition of thickener in Twin Shaft Dispensers and mixers in water base
- Process optimization and improvements of Asian Paints Machine Colorant products for specific shades
- Reduction in extra running hour of chilling plants and cooling towers by automation
- LED lighting in all plants
- Optimisation of chilling plant operations
- Reduction in air leakages in all plants by changing air piping and plugging leakages
- Work done in improvement in shaft mechanics for reducing motor power
- Presence sensors and motion sensors used in cabins.
- Pressure based pumping system used for utilities
- Efforts continued in reduction of emulsion and resin cycle time

Other key initiatives for Energy conservation:

- Energy cells in plants have continued their efforts through improved ideas and participation in all manufacturing plants
- Energy weeks celebrated in all plants where plant achievements were shared and rewarded by the Supply Chain hierarchy
- Sharing of best practices at each plant started for easy replication of applicable ideas

B) Utilising Alternate Sources of Energy

Solar energy:

Asian Paints invested for the first time in Ground Mounted Solar (Utility Solar) in Haryana and a 6 MWp project for Rohtak Plant is under execution.

Following rooftop solar projects have been started in Financial Year 2018-19:

- 2 MWp- At Mysuru Plant (roof top)
- 1 MWp- At Vizag Plant

With the commissioning of the above projects the total installed solar energy capacity in our plants will now be 19.26 MWp.

During the financial year 2018-19, the solar projects have generated about 124 lakh units which is about 18.3% of electricity consumption across all decorative paint plants.

Wind Energy:

Following Wind Turbine Generators (WTG) were commissioned during financial year ended 31st March, 2019:

- 2.1 MW- At Aurangabad, Maharashtra for Khandala plant
- 4.2 MW – At Karnataka for Mysuru Plant (2.1 MW x 2)
- 4.2 MW – At Andhra Pradesh for Vizag Plant (2.1 MW x 2) – this is under execution and commissioning

With the commissioning of the above projects, total installed wind energy capacity will now be 24.3 MW

During the financial year 2018-19, the wind projects have generated about 220 lakh units which is about 32.6% of electricity consumption across all decorative paint plants.

The new solar and windmill installations have helped the Company to end the year 2018-19 at Renewable Energy of 50.9%.

C) The Capital Investment on Energy Conservation Equipment

The Company has spent ₹ 7.07 crores as capital investment on energy conservation equipment during the financial year 2018-19.

Technology Absorption

A) The efforts made by the Company towards technology absorption

The focus of Research & Technology (R&T) function continues to be in building technological self- reliance by promoting in house research, innovation and creativity to design, develop and upgrade its products pipeline continuously to support achieving short, medium and long-term business goals of the Company. The nature of activities carried out by R&T team of the Company are as follows:

- Development of new products and processes related to surface coatings that fulfil expressed as well as unstated needs of consumers.
- Creating products in the premium range keeping in mind aspects of Green Assure and product sustainability.
- Upgradation of existing products with value added features to create product differentiation to retain market share.
- Continuous value generation through formulation re-engineering, sourcing efficiency, process optimization, new raw material search, new manufacturing techniques, vendor collaboration to enhance profitability.
- Support sustainability initiatives of the company by undertaking joint projects with plants to reduce cycle time, energy consumption, water consumption and waste generation.
- Building a sustainable idea and prototype pipeline for the company and develop new capability platforms for creating next generation products to catalyze future growth.
- Undertake collaborative projects with vendors, customers, academia and research institutes to develop new products, new capabilities and generate new scientific understanding.
- Encourage use of new scientific tools such as DFSS (Design for Six sigma) and DOE (Design of Experiments) to strengthen existing product development methodology.
- Process engineering research to explore novel processes for binder synthesis which are operationally efficient in terms of energy consumption, cycle time, productivity and safety.
- Technology support to all overseas subsidiaries for product development, product benchmarking, cost efficiency, new RM development, testing etc. to support business growth.
- Application research to establish product suitability for application with different tools (both mechanized and hand held) on different substrates.
- Development of laboratory simulation techniques to support product validation under different geographical climate and usage practices.
- Technical service and support related to customers for product scale up and standardization on customer lines, manufacturing support and solving product complaints.
- Development of test methods for Plant Quality Control that help speed up incoming raw material testing and approval.
- Establishing product credibility through international certification.
- Continuous benchmarking of products against national/ international competition.
- Support technical capability building across organization through in-house seminars, webinars, technical training etc.
- Support in terms of technological due diligence to fulfil company's growth strategy through acquisition.

The Company is putting efforts to enhance the consumer experience and showcase the indigenous developments. A world class 'Experiential Zone' has been created at Research and Technology Center that enriches the consumers to experience the new products and technology and provides the trends and focus areas of the Company. We have also created a 'Hygiene Lab' to demonstrate the Company's product offerings in the area of Health and Hygiene.

The Company is committed to launch new products that perform well in different environmental conditions. Company has one exterior paint testing facility at Cochin and this year, constructed another dedicated site for product validation at Mahabaleshwar, Maharashtra.

The Company's application laboratory has developed test protocol for various application tools designed by company for best outcome in terms of finish and ease of application. Application laboratory has also developed test protocol to get the best output from automated tools. Application laboratory tested various construction materials to study their impact on finish of final top coat.

B) The benefits derived like product improvement, cost reduction, product development or import substitution:

23 (Twenty-Three) new products were developed for architectural paints segment during the financial year 2018-19.

Annexure (G) to Board's Report (Continued)

15 (Fifteen) new products developed for Industrial division during financial year 2018-19. Some highlights include:

a) "Royale Health Shield" developed to address the safety and health issues of consumer. The product confirms to the stringent antiasthma requirements of American Asthma Foundation (AAF).

b) Developed and commercialized 2k PU Magnum with 15 years water proofing warranty for Terraces.

c) "Protek Lamino" anti-graffiti self-cleaning exterior paint developed and launched with 15 years warranty.

d) "Nilaya Natural" developed with 97% natural content with unique tinting system using powder tinter.

e) "Asian Epoxy Dual Coat" with 30 fast moving shades developed and launched through Industrial tinting system.

f) Developed in-house capability of designing powder polyester resin and 3 powder resins have been implemented at shop floor.

g) "Dampproof Ultra" with 10 years water proofing warranty developed and launched.

h) Developed and commercialized "Apcocryl TSA Anti dust Clear coat" for the Fan industry.

The Company initiated another initiative named Project 'Ansh' following the breakthrough project methodology. This has helped improving the overall execution capabilities of new product development team and reducing the development cycle time significantly. The outcome of this initiative has helped the Company to launch 2 new products, 1 emulsion partly replacing petroleum monomer with renewable raw material and 1 alkyd resin based on completely unique backbone giving competitive advantage within a record timeline.

For reduction of carbon footprint the Company has continued the program to reduce rutile from formulations with no compromise in performance properties.

C) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NA

D) The expenditure incurred on Research and Development:

(₹ in crores)

Particulars	2018-19	2017-18
Capital	4.26	41.77*
Recurring	87.26	76.22
Total	91.52	117.99

* Capital expenditure during the FY 2017-18 includes expenditure on building for new laboratory and related scientific research equipment.

Foreign Exchange Earnings and Outgo

Foreign exchange earned in terms of actual inflows during the financial year 2018-19 was ₹ 147.31 crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflows during the financial year 2018-19 was ₹ 2,756.99 crores (equivalent value of various currencies).

Report on Corporate Governance

Asian Paints' Philosophy on Corporate Governance

Asian Paints Limited aspires to reach the highest standards of Corporate Governance, while emphasising on transparency, creating a sustainable culture and setting industry-leading benchmarks. Our philosophy of Corporate Governance is built on a foundation of ethical and transparent business operations. Through this philosophy, the Company fosters a culture, focusing on well-embedded balance between performance and organisational health. This culture inspires trust among all stakeholders and strengthens the Board and management accountability.

The Company has adopted the values of good governance, sustainability and teamwork to create long-term value for its stakeholders. The practice of responsible governance has enabled it to achieve sustainable growth, while meeting the aspirations of its stakeholders and fulfilling societal expectations. Leveraging the principles of integrity, execution excellence, customer orientation and leadership in an ethical manner, the Company continues to take the necessary steps towards growth and to enhance value for its shareholders. The sound governance processes and systems guide the Company on its journey towards continued success.

Securities and Exchange Board of India (SEBI) constituted a Committee on 2nd June, 2017, under the stewardship of Mr. Uday Kotak, to further enhance the standards of Corporate Governance of listed entities in India. SEBI at its meeting held on 28th March, 2018 accepted several recommendations of the Kotak Committee and amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) effective from specified timelines. The Company welcomes these amendments to the Listing Regulations in accordance with recommendations of the Kotak Committee.

In recognition of its governance practices, the Company was conferred upon the 'Excellence in Corporate Governance Awards 2018-19', by the Indian Legal Era Journal of Law.

This report is prepared in accordance with the provisions of the Listing Regulations and the report contains the details of Corporate Governance systems and processes at Asian Paints Limited.

Governance Structure

Asian Paints' governance structure comprises of Board of Directors, Committees of the Board and the Management.

A. Board

The Company recognizes and embraces the importance of a diverse Board in its success and it believes that a truly diverse Board would leverage differences in thought, perspective, knowledge, skill and industry experience, which will enrich Board discussions and enable effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of Company's businesses. The Board effectively separates the functions of governance and management and balances deliverables.

The composition and size of the Board is reviewed periodically to ensure that the Board is a wholesome blend of Directors with complementary skill-sets. The Board periodically evaluates the need for change in its size and composition.

Composition of the Board:

As on the date of this Report, the Board comprised of 14 (fourteen) members, 7 (seven) of which are Independent Directors constituting half of the Board strength, 6 (six) are Non- Executive/ Promoter Directors and 1 (one) Managing Director & CEO.

The composition of the Board is in conformity with the requirements of Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 read with the Rules issued thereunder.

The details of attendance of Directors at Board Meetings either in person or through video conference during the financial year 2018-19 and at the Annual General Meeting (AGM) of the Company are as reproduced below:

Name of the Director(s) & Director Identification Number (DIN)	Board meeting dates							AGM held on 26th June, 2018
	10th May, 2018	24th July, 2018	22nd October, 2018	5th November, 2018	21st December, 2018	22nd January, 2019	29th March, 2019	
Late Ashwin Choksi[1] (DIN: 00009095)	✓	✓	NA	NA	NA	NA	NA	✓
Ashwin Dani[2] (DIN: 00009126)	✓	✓	✓	✓	✓	✓	✓	✓
Abhay Vakil (DIN: 00009151)	✓	✓	✓	✓	✓	✓	✓	✓
Manish Choksi[3] (DIN: 00026496)	NA	NA	✓	✓	✓	✓	✓	NA
K.B.S. Anand (DIN: 03518282)	✓	✓	✓	✓	✓	✓	✓	✓
Mahendra Choksi[4] (DIN: 00009367)	✓	✓	✓	✓	✓	✓	✓	✓
Malav Dani (DIN: 01184336)	✓	✓	✓	✓	✓	✓	✓	✓

Report on Corporate Governance (Continued)

Name of the Director(s) & Director Identification Number (DIN)	Board meeting dates							AGM held on 26th June, 2018
	10th May, 2018	24th July, 2018	22nd October, 2018	5th November, 2018	21st December, 2018	22nd January, 2019	29th March, 2019	
Amrita Vakil (DIN: 00170725)	✓	✓	✓	✓	✓	✓	✓	✓
Deepak Satwalekar (DIN: 00009627)	✓	×	✓	✓	✓	✓	✓	✓
S. Sivaram (DIN: 00009900)	✓	×	✓	✓	×	✓	✓	✓
Mahendra Shah[4] (DIN: 00009786)	✓	✓	✓	✓	✓	✓	✓	✓
S. Ramadorai[4] (DIN: 00000002)	×	✓	✓	×	▣	✓	✓	✓
M. K. Sharma (DIN: 00327684)	✓	×	✓	✓	✓	✓	✓	✓
Vibha Paul Rishi (DIN: 05180796)	✓	✓	✓	✓	×	✓	✓	✓
R. Seshasayee (DIN: 00047985)	✓	✓	✓	✓	×	✓	✓	✓

NA – Not Applicable ✓ Present × Absent ▣ Present through video-conferencing

Notes:

1. Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.
2. Mr. Ashwin Dani was elected as the Chairman of the Board w.e.f. 5th November, 2018.
3. Mr. Manish Choksi was appointed as a Non – Executive Director at the meeting of Board of Directors held on 22nd October, 2018 in casual vacancy created by the sad demise of Mr. Ashwin Choksi. He was appointed as the Vice-Chairman of the Board w.e.f. 5th November, 2018. His appointment as a Non-Executive Director of the Company was approved by the shareholders by way of Postal Ballot with requisite majority.
4. Mr. Mahendra Choksi, Mr. Mahendra Shah and Mr. S Ramadorai ceased to be Directors of the Company w.e.f. 31st March, 2019.
5. Mr. Suresh Narayanan and Mrs. Pallavi Shroff were appointed as Independent Directors w.e.f. 1st April, 2019 by the shareholders of the Company.
6. Mr. Jigish Choksi was appointed as an Additional/Non – Executive Director w.e.f. 1st April, 2019, subject to approval of shareholders.

Board Procedures and flow of information

The dates of Board meetings are decided well in advance and are published under General Shareholders Information forming part of this Report. Additional meetings are held whenever necessary. In case of matters requiring urgent approval of the Board, resolutions are passed through circulation. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings, when it may not be possible for them to be physically present for the meeting.

The Board meets at least once in a quarter to, *inter alia*, review quarterly standalone and consolidated financial results/statements, compliance report(s) of all laws applicable to the Company, regulatory developments, minutes of the Board Meetings of subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, presentations on Environment Health & Safety (EHS) initiatives, risk management, details of joint ventures or collaborations, any other proposal from the management, etc.

<u>Availability of information to the Board</u>

The Chairman of the Board and the Company Secretary determine the Agenda for every meeting along with explanatory notes in consultation with the Managing Director & CEO. The Board has unrestricted access to all Company-related information. The Agenda for the meetings is circulated well in advance to the Directors to ensure that sufficient time is provided to Directors to prepare for the meeting. With a view to ensure high standards of confidentiality of Board papers and reduce paper consumption, the Company circulates to its Directors, notes for Board/Committee meetings though a secure and encrypted electronic platform.

All material information is circulated to the Directors before the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of the Listing Regulations. The Managing Director & CEO, Members of the Executive Council/Operating Council of the Company are invited to attend meetings of the Board and make presentations to the Board on matters including but not limited to the Company's performance, strategic plans, quarterly and annual financial results, compliance reports, etc.

The Company Secretary attends all the meetings of the Board and its Committees and is, *inter alia*, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes are entered in the minutes book within 30 (thirty) days of conclusion of the meetings, subsequent to incorporation of the comments, if any, received from the Directors.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

The meetings of the Board of Directors are generally held in Mumbai and, if necessary, in locations, where the Company operates. Out of the 7 (seven) meetings of the Board, 2 (two) meetings were exclusively held to discuss and deliberate on succession planning of members of the Board and one (1) meeting was held to discuss and deliberate long term strategy plans, company budgets and operating plans. The maximum interval between any 2 (two) consecutive Board Meetings was well within the maximum allowed gap of 120 (one hundred and twenty) days. The necessary quorum was present for all the meetings.

Meeting of Independent Directors'

Schedule IV of the Companies Act, 2013 and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of non – Independent Directors.

During the financial year 2018-19, the Independent Directors met on 22nd October, 2018 and *inter alia,* discussed on succession planning of Directors, appointment of Chairman and Vice-Chairman, reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Non-Executive Directors with materially significant, pecuniary or business relationship with the Company

There have been no pecuniary or business relationship between the Non-Executive Directors and the Company, except for the sitting fees and commission payable to them annually in accordance with the applicable laws and with the approval of the shareholders. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Directorship and Membership of Committees and Shareholding of Directors

Board membership

The Nomination and Remuneration Committee is primarily responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director. It determines the composition of the Board based on the need and requirements of the Company from time to time and identifies the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal.

The Committee also recommends to the Board on matters relating to extension or continuation of the term of appointment of Independent Directors on the basis of the report of performance evaluation of Directors.

Succession Planning

The Company believes that sound succession plans for the Board members and senior leadership are very important for creating a robust future for the Company. The Nomination and Remuneration Committee and the Board, as part of the succession planning exercise, periodically review the composition of the Board to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

Changes in the Board

During the year under review, based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors (i) approved the appointment of Mr. Manish Choksi as a Non-Executive Director of the Company, w.e.f. 22nd October, 2018, in casual vacancy created upon the sad demise of Mr. Ashwin Choksi (ii) considering the outcome of performance evaluation exercise, background, experience and contributions made by Dr. S Sivaram, Mr. Deepak Satwalekar, Mr. M K Sharma and Mrs. Vibha Paul Rishi during their tenure had approved re – appointment(s) of said Independent Directors for a second term (iii) approved the appointment of Mr. Suresh Narayanan and Mrs. Pallavi Shroff as Independent Directors for a tenure of 5 (five) years commencing from 1st April, 2019 to 31st March, 2024 (iv) appointed Mr. Jigish Choksi as an Additional Director w.e.f. 1st April, 2019.

In line with the requirements of Listing Regulations, the re-appointment/appointments were made keeping in mind proximity to 75 (seventy-five) years of age.

The shareholders vide resolutions passed through Postal Ballot approved the aforementioned re-appointments/appointments with requisite majority, except the appointment of Mr. Jigish Choksi which has been placed before the shareholders for their approval at the ensuing 73rd AGM of the Company.

Declarations

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder. A sample letter of appointment/ re-appointment containing the terms and conditions, issued to the Independent Directors, is posted on the Company's website at the following link:

https://www.asianpaints.com/more/investors/notices.html

Based on intimations/disclosures received from the Directors periodically, none of the Directors of the Company hold memberships/Chairmanships more than the prescribed limits.

Report on Corporate Governance (Continued)

The details of Directorships, relationship *inter-se*, shareholding in the Company, number of Directorships and Committee Chairmanships/ Memberships held by them in other public companies as on 31st March, 2019 are detailed below:

Name of the Director(s)	Nature of Directorship	Relationship with each other	Directorships held in other listed entities	Directorship in other Companies*	Membership and Chairmanship of the Committees of the Board of other Companies**		No. of shares held in the Company along with % to the paid up share capital of the Company****
					Chairman	Member	
Ashwin Dani	Non-Executive Chairman/Promoter	Father of Malav Dani	Non-Executive - Non Independent Director of Hitech Corporation Limited	3	1	1	20,84,870 (0.22%)
Manish Choksi#	Non-Executive Vice Chairman/ Promoter	Son of Mahendra Choksi	Independent Director of NRB Industrial Bearings Limited	6	1	2	23,88,540 (0.25%)
Abhay Vakil	Non-Executive Director/ Promoter	Uncle of Amrita Vakil	-	4	1	0	2,84,68,310 (2.97%)
K. B. S. Anand	Managing Director & CEO	***	-	0	0	0	270 (0%)
Mahendra Choksi ^	Non-Executive Director/ Promoter	Father of Manish Choksi	-	0	0	0	21,96,180 (0.23%)
Malav Dani	Non-Executive Director/ Promoter	Son of Ashwin Dani	Managing Director of Hitech Corporation Limited	2	0	1	33,05,510 (0.34%)
Amrita Vakil	Non-Executive Director/ Promoter	Niece of Abhay Vakil	-	2	0	0	25,66,680 (0.27%)
Deepak Satwalekar	Non-Executive Director/ Independent	***	Independent Director of Piramal Enterprises Limited and The Tata Power Company Limited	3	1	0	Nil
S. Sivaram	Non-Executive Director/ Independent	***	Independent Director of GMM Pfaudler Limited, Deepak Nitrite Limited, Apcotex Industries Limited and Supreme Petrochem Limited	6	2	0	Nil
Mahendra Shah ^	Non-Executive Director/ Independent	***	-	0	0	0	Nil
S. Ramadorai ^	Non-Executive Director/ Independent	***	Independent Director of Piramal Enterprises Limited and Hindustan Unilever Limited	3	0	1	Nil
M. K. Sharma	Non-Executive Director/ Independent	***	Independent Director of Wipro Limited and United Spirits Limited	4	2	2	Nil
Vibha Paul Rishi	Non-Executive Director/ Independent	***	Independent Director of Escorts Limited, Tata Chemicals Limited, The Indian Hotels Company Limited and ICICI Prudential Life Insurance Company Limited	9	1	4	Nil
R. Seshasayee	Non-Executive Director/ Independent	***	Non-Executive - Non Independent Director of IndusInd Bank Limited	2	0	0	1496 (0%)

Notes:

Mr. Manish Choksi was appointed as a Non- Executive Director of the Company w.e.f. 22nd October, 2018, to fill the casual vacancy caused by the sad demise of Mr. Ashwin Choksi.

^ Ceased to be a Director w.e.f. 31st March, 2019.

* Excludes directorship in Asian Paints Limited. Also excludes directorship in private companies, foreign companies, companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.

** For the purpose of considering the limit of Committee memberships and chairmanships of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Also excludes the memberships & chairmanships in Asian Paints Limited.

*** No inter-se relationship with any of the Directors of the Company.

**** As per the declarations made to the Company by the Directors as to the shares held in their own name or held jointly as the first holder or held on beneficial basis as the first holder.

Familiarization Programme

The Company conducts Familiarization Programme for Independent Directors to enable them to understand their roles, rights and responsibilities. Presentations are also made at the Board meetings which facilitates them to clearly understand the business of the Company and the environment in which the Company operates. They are also provided a platform to interact with multiple levels of management and are provided with all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

Moreover, when new Director(s) are inducted on the Board, an information pack is handed over to them which includes, Company profile, Company's Codes and Policies, Strategy and such other operational information which will enable them to understand the Company and its business(es) in a better way. The Company also arranges for visits to the Company's Plants and other establishments to enable them to get first-hand information and also interact with the stakeholders at ground level.

The details of such familiarization programmes for Independent Director(s) are put up on the website of the Company and can be accessed through the following link:

https://www.asianpaints.com/more/investors/policies-programs.html

Key Board qualifications, expertise and attributes

The Company's core business(es) include manufacturing, distribution and sale of paints & coatings, both architectural and industrial coatings, water-proofing, adhesives, etc., in India and abroad. The Company's Home Improvement Business includes modular kitchens and kitchen accessories, bath fittings, sanitary-ware and other home décor products and accessories.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole.

i) Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry

ii) International Business experience: Experience in leading businesses in different geographies/markets around the world

iii) General management/Governance: Strategic thinking, decision making and protect interest of all stakeholders

iv) Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.

v) Technical skills and professional skills and knowledge including legal and regulatory aspects.

B. Committees of the Board

The Board has constituted various Committees with specific terms of reference in line with the provisions of the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Board periodically reviews the composition and terms of reference of its Committees in order to comply with any amendments/modifications to the provisions relating to composition of Committees under the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder. The Company currently has 6 (six) Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Shareholders Committee.

During the year under review, the Board of Directors of the Company have, *inter alia*, revised the terms of reference of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee of the Board of Directors of the Company in view of amendments to the Listing Regulations by way of notification of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and amendments to the Companies Act, 2013.

Audit Committee

The Audit Committee met 6 (six) times during the financial year 2018-19. The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2018-19 are detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)					
		9th May, 2018	24th July, 2018	22nd October, 2018	21st December, 2018	21st January, 2019	27th March, 2019
M K Sharma	Chairman	✓	×	✓	✓	✓	✓
Mahendra Shah	Member	✓	✓	✓	✓	✓	✓
Abhay Vakil	Member	✓	✓	✓	✓	✓	✓
R. Seshasayee	Member	✓	✓	✓	×	✓	×

✓ Present × Absent

Mr. Jayesh Merchant acts as Secretary to the Committee

Report on Corporate Governance (Continued)

The Audit Committee meets the Statutory Auditors and the Chief Internal Auditor independently without the presence of any members of the management at least once in a year. The members of the Audit Committee are financially literate and have experience in financial management.

The Board of Directors appointed Mr. Suresh Narayanan, Independent Director, as a member of the Committee, w.e.f. 1st April, 2019, in place of Mr. Mahendra Shah who ceased to be Director on 31st March, 2019.

The terms of reference of Audit Committee, as approved by the Board and amended from time to time, includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, standalone as well as consolidated, before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report as per Sec 134(3)(c) of the Companies Act, 2013;
    b. Changes in the Accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings;
    c. Compliance with listing and other legal requirements relating to financial statements;
    d. Disclosure of any related party transactions; and
    e. Modified opinion(s) in the draft audit report, if any.
5. Reviewing the financial statements and investments made by unlisted subsidiary companies (including joint ventures);
6. Reviewing and considering the following w.r.t. appointment of auditors before recommending to the Board
    a. qualifications and experience of the individual/firm proposed to be considered for appointment as auditor;
    b. whether such qualifications and experience are commensurate with the size and requirements of the company; and
    c. giving due regard to any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. Reviewing and approving quarterly and yearly management representation letters to the statutory auditors;
10. Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the Company;
16. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
17. Review of internal audit reports relating to internal control weaknesses and discuss with internal auditors any significant findings and follow-up thereon;
18. 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;
19. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the Company by its officers/employees;
20. Approval or any subsequent modification of transactions of the company with related parties;

21. Reviewing the statements of significant related party transactions submitted by the management;

22. Reviewing and scrutinizing the inter-corporate loans and investments;

23. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy and overseeing the functioning of the same;

24. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

25. Approving the auditors (appointed under the Companies Act, 2013) to render any service other than consulting and specialized services along with approval of payment to statutory auditors for the same;

26. Recommending to the Board of Directors, the appointment, remuneration and terms of appointment of Cost Auditor for the Company;

27. Review the cost audit report submitted by the cost auditor on audit of cost records, before submission to the Board for approval;

28. Appointing registered valuers and defining the terms and conditions for conducting the valuation of undertakings/ assets/net-worth/liabilities of the Company, wherever it is necessary. Reviewing the valuation report and follow-up thereon;

29. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

30. Looking into reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;

31. Review and approve, policy formulated for determination of material subsidiaries;

32. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions;

33. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower;

34. Review compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment or modification from time to time) at least once in a financial year and shall verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively; and

35. Any other matter referred to by the Board of Directors.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018- 19 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)				
		26th April, 2018	4th October, 2018	20th October, 2018	20th December, 2018	15th March, 2019
Deepak Satwalekar	Chairman	✓	✓	✓	✓	✓
M K Sharma	Member	✓	✓	✓	✓	✓
Ashwin Dani	Member	✓	✓	✓	✓	✓

✓ Present

Mr. Jayesh Merchant acts as secretary to the Committee

The Board of Directors appointed Mr. Manish Choksi as a member of the Committee, w.e.f. 1st April, 2019, in place of Mr. Ashwin Dani.

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board and amended from time to time, includes the following:

1. Formulate a criterion for determining qualifications, positive attributes and independence of a director;

2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

3. Devise a policy on Board Diversity;

4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

5. Specify methodology for effective evaluation of performance of Board/committees of the Board and review the terms of appointment of Independent Directors on the basis of the report of performance evaluation of the Independent Directors;

6. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company;

7. Recommend to the board all remuneration, in whatever form, payable to senior management; and

Report on Corporate Governance (Continued)

8. Undertake any other matters as the Board may decide from time to time

During the year under review, the Board of Directors amended the Nomination and Remuneration Policy to bring it in line with the amendments to Section 178 of Companies Act, 2013 and Listing Regulations. The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at:

https://www.asianpaints.com/more/investors/policies-programs.html

The salient features of the Nomination and Remuneration Policy and changes therein, are as follows:

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Companies Act, 2013 and Listing Regulations and outlines the role of the Nomination and Remuneration Committee, *inter alia*, for determining the criteria for Board membership, approve, recommend compensation packages and policies for Directors and Senior Management and lay down the effective manner of performance evaluation of the Board, its Committees and individual Directors.

In accordance with the Policy, the responsibilities of Nomination and Remuneration Committee, *inter alia*, include:

a. Formulation of criteria and its review on an ongoing basis, for determining qualifications, skills, expertise, qualities, positive attributes required to be a Director, based on the qualities, including independence for Independent Directors, and such expertise which may be beneficial for the Company and essential for it to operate in changing business environment. Identification of persons as potential candidates, who are qualified to be appointed as Directors and recommend their re – appointment, if any, to the Board after taking into consideration the performance of a Director.

b. The Nomination & Remuneration Committee, *inter alia*, has been entrusted with the responsibility of evaluating the performance of every Director, Committees of the Board and the Board. The Committee also evaluates the performance of Managing Director against the Key Performance Indicators set at the beginning of the financial year.

c. Remuneration of Directors, Senior Management and other employees:

    i. Compensation to Managing Director or Executive Director: The Committee shall approve compensation package of the Managing Director or Executive Director(s). The Committee ensures that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards and have an adequate balance between fixed and variable component, subject to approval of the Board.

    ii. Compensation to Senior Management: The Nomination & Remuneration Committee shall review performance of the senior management of the Company, i.e., the members of the Executive/Operating Council of the Company (which includes Key Managerial Personnel), as presented by the Managing Director & CEO. The Committee shall ensure that the remuneration to the Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

    iii. Remuneration to Non-Executive Directors: The Nomination & Remuneration Committee shall recommend to the Board for its approval, commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made by similar sized, successful companies. The Nomination and Remuneration Committee considers and recommends commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board/Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness.

    iv. Remuneration to other employees: Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee shall review the Company's policy on performance management and rewards for employees from time to time. The remuneration structure of employees is designed on principles of fairness, transparency and internal and external parity and involves an optimum balance of fixed and variable components.

Details of remuneration paid to Directors during the financial year 2018-19:

The shareholders of the Company at their Annual General Meeting held on 26th June, 2014, approved a sum of not exceeding 1% of the net profits of the Company, per annum calculated in accordance with Section 198 of Companies Act, 2013, to be paid to Non – Executive Directors in a manner as decided by the Board.

All the Non-Executive Directors of the Company are paid ₹ 50,000 (Rupees fifty thousand only) as sittings fees for attending meetings of the Board/Audit Committee and ₹ 30,000 (Rupees thirty thousand only) for attending meetings of other Committees except Shareholders Committee for which no sitting fees is paid.

The Independent Directors were also paid ₹ 30,000 (Rupees thirty thousand only) as sitting fees for their separate meeting(s) held during the year.

Details of the remuneration of the Directors of the Company for the financial year 2018-19 are as follows:

(Amount in ₹)

Name of the Director(s)	Basic Salary	Perquisites	Sitting fees	Commission	Total
Late Ashwin Choksi*#	-	3,38,000	1,00,000	18,00,000	22,38,000
Ashwin Dani#	-	7,35,000	5,00,000	35,00,000	47,35,000
Abhay Vakil#	-	7,37,895	6,50,000	28,00,000	41,87,895
Manish Choksi^	-	-	2,50,000	22,00,000	24,50,000
K.B.S. Anand**	2,86,46,000	3,69,34,982	-	5,25,00,000	11,80,80,982
Mahendra Choksi	-	-	5,60,000	28,00,000	33,60,000
Malav Dani	-	-	5,00,000	30,00,000	35,00,000
Amrita Vakil	-	-	4,10,000	28,00,000	32,10,000
Deepak Satwalekar	-	-	4,80,000	32,00,000	36,80,000
S. Sivaram	-	-	3,70,000	28,00,000	31,70,000
Mahendra Shah	-	-	7,40,000	30,00,000	37,40,000
S. Ramadorai	-	-	4,30,000	28,00,000	32,30,000
M.K. Sharma	-	-	8,20,000	34,00,000	42,20,000
Vibha Paul Rishi	-	-	4,80,000	28,00,000	32,80,000
R. Seshasayee	-	-	5,30,000	28,00,000	33,30,000

Notes:

* Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018.

\# Perquisites in case of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, Non-Executive Directors are retiral benefits like pension and medical reimbursement as per their contracts entered with the Company in their erstwhile capacity as Executive Directors which ended on 31st March, 2009.

** Perquisites for Mr. K.B.S Anand include Company's contribution to provident fund, superannuation fund, supplementary allowance etc., as well as monetary value of perquisites as per Income Tax rules in accordance with the contract of Mr. K.B.S Anand with the Company.

^ Mr. Manish Choksi was appointed as a Non-Executive Director w.e.f. 22nd October, 2018.

The Company has not granted stock options to any of its Directors.

Performance Evaluation of Board, Committees and Senior Management:

One of the key responsibilities of the Board and the Nomination & Remuneration Committee includes establishment of a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairman.

During the year under review, surveys were undertaken for evaluation of performance of Directors, Board as a whole and Committees of the Board.

The Nomination & Remuneration Committee has determined a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis.

Board and Individual Directors

The parameters of the performance evaluation process for the Board, *inter alia*, considers work done by the Board around long term strategy, rating the composition & mix of Board members, discharging its governance & fiduciary duties, handling critical and dissenting suggestions, etc.

The parameters of the performance evaluation process for Directors includes, effective participation in meetings of the Board, domain knowledge, vision, strategy, attendance of Director(s), etc. Independent Directors were evaluated by the entire Board with respect to fulfillment of independence criteria as specified in the Listing Regulations and their Independence from the Management.

The Independent Director(s) had evaluated the performance of Non – Executive Directors and the Chairman of the Board. The outcome of surveys and feedback from Directors was discussed at the respective meetings of Board, Committees of Board and meetings of Independent Directors.

Committees of the Board:

The performance evaluation of committee's was carried out based on the degree of fulfillment of key responsibilities as outlined by the charter, adequacy of committee composition, effectiveness of meetings, quality of deliberations at the meetings and information provided to the Committees.

The overall performance evaluation exercise was completed to the satisfaction of the Board. The Board of Directors deliberated on the outcome and agreed to take necessary steps going forward.

Performance evaluation for Managing Director or Whole-time Director

The Nomination & Remuneration Committee evaluates the performance of the Managing Director by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee ensures that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the

Report on Corporate Governance (Continued)

meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of Membership	Meeting date(s)	
		29th October, 2018	27th March, 2019
Mahendra Shah	Chairman	✓	✓
Mahendra Choksi	Member	✓	✓
K. B. S. Anand	Member	✓	✗
Amrita Vakil	Member	✓	✓

✓ Present ✗ Absent

Mr. Jayesh Merchant acts as Secretary to the Committee.

Mr. R. Seshasayee was appointed as the Chairman of the Committee w.e.f. 1st April, 2019 in place of Mr. Mahendra Shah who retired from directorship of the Company on 31st March, 2019. Mr. Jigish Choksi was also appointed as a member of the Committee w.e.f. 1st April, 2019. Mr. Mahendra Choksi ceased to be director of the Company on 31st March, 2019 and thus ceased to be member of the Committee.

Mr. R. J. Jeyamurugan, Vice President-Finance, is the Compliance Officer in accordance with Regulation 6 of Listing Regulations. Mr. Jeyamurugan is a qualified Company Secretary & Chartered Accountant and reports to Mr. Jayesh Merchant, CFO & Company Secretary of the Company.

The Committee met twice during the financial year 2018-19 to discuss and deliberate on several matters.

The terms of reference of the Stakeholders Relationship Committee, as approved by the Board and amended from time to time, includes the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

The Committee also reviews matters relating to unclaimed equity shares and dividend transferred to Investor Education and Protection Fund (IEPF) pursuant to the IEPF Rules.

Details relating to the number of complaints received and redressed during the financial year 2018-19 as on 31st March, 2019 are as under:

Nature of Complaints	Number of complaints received	Number of complaints redressed	Number of pending complaints
Non-Receipt of Dividend	9	9	NIL
Non-Receipt of Annual Report	1	1	NIL
Dematerialization of securities	6	6	NIL
Others	11	10	1
Total	**27**	**26**	**1**

Note:

Nature of complaints in the category "Others" include transfer of shares, non-receipt of bonus shares, transmission of shares, change in signatures, loss of shares and non-receipt of shares after split, etc.

Corporate Social Responsibility (CSR) Committee

The CSR Committee met 5 (five) times during the financial year 2018-19. The composition of the CSR Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of Membership	Meeting date(s)				
		25th June, 2018	26th July, 2018	29th October, 2018	22nd February, 2019	26th March, 2019
Malav Dani	Chairman	✓	✓	✓	✓	✓
Mahendra Choksi	Member	✓	✓	✓	✓	✓
K. B. S. Anand	Member	✓	✓	✓	✓	✗
Vibha Paul Rishi	Member	✓	✓	✓	✓	✓
S. Ramadorai	Member		✓	✓	✓	✓

✓ Present ✗ Absent Present through video conferencing

Mr. Jayesh Merchant acts as secretary to the Committee.

Mr. Mahendra Choksi and Mr. S Ramadorai ceased to be members of the CSR Committee w.e.f. 31st March, 2019 and Ms. Amrita Vakil was appointed as a member of the Committee w.e.f. 1st April, 2019.

The meetings of the CSR Committee are also attended by members of the CSR Council of the Company as invitees.

The terms of reference of CSR Committee as approved by the Board and amended from time to time, includes the following:

1. Recommend the amount of expenditure to be incurred on the activities;
2. Monitor implementation and adherence to the CSR Policy of the Company from time to time;
3. Prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company; and
4. Such other activities as the Board of Directors may determine from time to time.

The details of the CSR initiatives as per the CSR Policy of the Company forms part of the CSR Section in the Annual Report. The CSR Policy of the Company has been uploaded on the Company's website and can be accessed at:

https://www.asianpaints.com/more/about-us.html

Shareholders Committee

The composition of the Shareholders Committee of the Company along with the details of the meetings held and attended by the Members of the Committee during the financial year 2018-19 is detailed below:

Name of the Director(s)	Nature of Membership	Meeting details	
		Held	Attended
Ashwin Dani	Chairman	12	12
Late Ashwin Choksi*	Ceased to be a Member	12	2
Abhay Vakil	Member	12	12
K.B.S Anand	Member	12	11
Jayesh Merchant	Member	12	12

*Mr. Ashwin Choksi left for heavenly abode on 19th September, 2018 and thus ceased to be a member of the Committee.

Mr. Jayesh Merchant also acts as a Secretary to the Committee.

With effect from 1st April, 2019:

- Mr. Abhay Vakil was appointed as the Chairman of the Committee in place of Mr. Ashwin Dani who continues to be a member; and
- Mr. Manish Choksi was appointed as a member of the Committee.

The terms of reference of the Shareholders Committee, as approved by the Board and amended from time to time, includes the following:

1. To issue share certificates pursuant to duplicate/remat/renewal requests as and when received by the Company;
2. To approve the register of members as on the record date(s) and/or book closure date(s) for receiving dividends and other corporate benefits;
3. To review correspondence with the shareholders vis-à-vis legal cases and take appropriate decisions in that regard;
4. To authorise affixing of the Common seal of the Company from time to time on any deed or other instrument requiring authentication by or on behalf of the Company, and
5. Such other activities as the Board of Directors may determine from time to time.

Further, the Board of Directors has authorised certain officials of the Company to approve the requests relating to transfer of shares, transmission of shares, dematerialization of shares or requests for deletion of name of the shareholder, etc.

Risk Management Committee

The composition of the Risk Management Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

Name of Director(s)	Nature of membership	Date of Risk Management Committee Meetings		
		26th April, 2018	1st November, 2018	5th March, 2019
M. K. Sharma	Chairman	✓	✓	✓
Dr. S Sivaram	Member	✓	✓	✓
K. B. S. Anand	Member	✓	✓	✓
Amit Syngle	Member	✓	✓	✓
Amit Kumar Baveja	Member	✓	✓	✓

✓ Present

Mr. Jayesh Merchant acts as secretary to the Committee

Mrs. Pallavi Shroff was appointed as the Member of the Committee w.e.f. 1st April, 2019 in place of Mr. M. K. Sharma who ceased to be Chairman & Member of the Committee on 31st March, 2019. Dr. S. Sivaram was appointed as the Chairman of the Committee w.e.f. 1st April, 2019.

The Risk Management Committee formed by the Board of Directors, is bound by the charter drawn up by the Board of Directors of the Company which lays down the rights, duties and responsibilities of the Risk Management Committee. The Risk Management Committee is responsible for oversight on overall risk management processes of the Company and to ensure that key strategic and business risks are identified and addressed by the management.

The terms of reference of the Risk Management Committee, as approved by the Board and amended from time to time, includes the following:

1. framing a risk management policy;
2. identify Company's risk appetite set for various elements of risk;
3. review the risk management practices and structures and recommend changes to ensure their adequacy including but not limited to cyber security and related risks;

Report on Corporate Governance (Continued)

4. approve and review the risk treatment plans put in place by management; and
5. ensure adequacy of risk management practices in the Company.

The Risk Management Policy articulates the Company's approach to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and framework with respect to Risk Management and the Internal Financial Controls comprehensively address the key strategic/business risks and operational risks respectively.

C. Management:

The management structure of the Company consists of the Executive Council ("EC") and Operating Council ("OC"). The Managing Director & CEO is part of the EC. The EC members report to the Managing Director & CEO and head different business functions of the organization such as Sales & Marketing, International Business, Industrial Business, Home Improvement Business, Information Technology, Research & Technology, Finance and Human Resources. The OC consists of heads of functions/businesses within the Company who lead the identified strategic initiatives and report to the EC members. The members of the OC discuss and deliberate on the day to day operating efficiency and lead important initiatives like cost efficiency, customer centricity, capability building, etc.

The Nomination & Remuneration Committee based on feedback received from the Managing Director & CEO, reviews the remuneration paid to Senior Management and makes necessary recommendations to the Board. The Committee also reviews the succession planning of Senior Management.

The Board interacts with the Managing Director & CEO, Chief Operating Officer, Company Secretary, Compliance Officer and other members of the Senior Management periodically.

CEO/CFO Certification

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2018-19 signed by Mr. K.B.S. Anand, Managing Director & CEO and Mr. Jayesh Merchant, CFO & Company Secretary, President– Industrial JVs, was placed before the Board of Directors of the Company at their meeting held on 9th May, 2019 and is annexed to this Report.

Compliance Certificate on Corporate Governance

As required by Schedule V of the Listing Regulations, the Auditors Certificate on Corporate Governance is annexed to this Report.

General Body Meetings

Details of last three AGM and the summary of Special Resolutions passed therein, if any, are as under:

Financial year(s)	Date	Time	Location	No. of Special resolutions set out at the AGM
2017-18	26th June, 2018	11.00 a.m.	Yashwantrao Chavan Pratisthan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai- 400 021	Nil
2016-17	27th June, 2017		Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020	
2015-16	28th June, 2016		Yashwantrao Chavan Pratisthan Auditorium, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai- 400 021	

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

During the year under review, approval of shareholders of the Company was sought through Postal Ballot and details of the same are given below:

Date of Postal Ballot Notice: 21st December, 2018

Voting period: 27th January, 2019 to 25th February, 2019

Date of declaration of result: 26th February, 2019

Date of passing of resolution(s): 25th February, 2019

A summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Ordinary Resolution for appointment of Mr. Manish Choksi as a Non-Executive Director of the Company	99.61	0.39
Special Resolution for continuation of Directorship by Mr. Ashwin Dani as Non-Executive Director of the Company, liable to retire by rotation	99.61	0.39

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Special Resolution for re-appointment of Dr. S. Sivaram as an Independent Director of the Company to hold office for a second term from 1st April, 2019 to 30th September, 2021	97.45	2.55
Special resolution for re-appointment of Mr. M. K. Sharma as an Independent Director of the Company to hold office for a second term from 1st April, 2019 to 31st March, 2022	98.55	1.45
Special resolution for re-appointment of Mr. Deepak Satwalekar as an Independent Director of the Company to hold office for a second term from 1st April, 2019 to 30th September, 2023	96.31	3.69
Special resolution for re-appointment of Mrs. Vibha Paul Rishi as an Independent Director of the Company to hold office for a second term from 1st April, 2019 to 31st March, 2024	99.71	0.29
Ordinary resolution for appointment of Mr. Suresh Narayanan as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years from 1st April, 2019 to 31st March, 2024	99.77	0.23
Ordinary resolution for appointment of Mrs. Pallavi Shroff as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years from 1st April, 2019 to 31st March, 2024	99.89	0.11

Mr. Makarand M Joshi, Partner of M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National Securities Depository Limited ("NSDL") for the purpose of providing e-voting facility to all its members. The members had an option to vote either by postal ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut – off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants/Company's Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman of the Company. The results were displayed on the website of the Company (www.asianpaints.com), besides being communicated to the Stock Exchanges and e-voting website of NSDL.

Other Disclosures

1. The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations.

2. **Related Party Transactions**

   All transaction entered into by the Company with related parties, during the financial year 2018-19, were in ordinary course of business and on arm's length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

   Also, the Related Party Transactions undertaken by the Company were in compliance with the provisions set out in the Companies Act, 2013 read with the Rules issued thereunder and relevant provisions of Listing Regulations.

   The Company follows a documented framework for identifying, entering into and monitoring the related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee, during the financial year 2018-19, has approved Related Party Transactions along with granting omnibus approval in line with the Policy of dealing with and materiality of Related Party Transactions and the applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

   The related party transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee is reviewed at least on a quarterly basis by the said Committee.

Report on Corporate Governance (Continued)

During the year under review, the Board of Directors suitably amended the Policy on dealing with and materiality of Related Party Transactions to:

a. include clear threshold limits for transactions with related parties, duly approved by the board of directors;

b. review by the Board of Directors at least once every three years of the Policy and the thresholds determined; and

c. such other changes as were deemed necessary to bring it in line with recent amendments to Listing Regulations and Companies Act, 2013.

The policy on dealing with and materiality of Related Party Transactions has been placed on the Company's website and can be accessed at the following link:

https://www.asianpaints.com/more/investors/policies-programs.html

There are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the Company at large.

The details of remuneration paid to the employees of the Company, who are relatives of directors, as on 31st March, 2019 are as under:

Name of the employee(s)	Nature of relationship with Director(s)	Remuneration (₹)
Manish Choksi*	Relative of Mahendra Choksi	2,79,73,839.08
Varun Vakil	Relative of Amrita Vakil	44,88,457.47

* The remuneration drawn by Mr. Manish Choksi is in his erstwhile capacity as President – International, IT, HR & Chemicals upto 21st October, 2018.It includes the long-term incentive paid to him as per the policy of the Company. Thereafter, he was appointed as a Non-Executive Director of the Company w.e.f. 22nd October, 2018, to fill the casual vacancy caused by the sad demise of Mr. Ashwin Choksi. Details of remuneration of Mr. Manish Choksi as a Non-Executive Director of the Company, have been disclosed separately in this Report.

In terms, of Section 177 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment and remuneration payable to the aforesaid is approved by the Audit Committee and noted by the Board of Directors of the Company and are at arm's length and in ordinary course of business of the Company.

3. **Vigil Mechanism and Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and Business Associates to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/ Employees and Business Associates who avail of the mechanism.

In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director & CEO, the Compliance Officer and the Company Secretary and the Vice President – Human Resources for receiving and investigating all complaints and Protected Disclosures under this policy. Employees of the Company or business associates can make Protected Disclosures to the Ethics Committee through the Asian Paints Ethics Hotline (toll free number/ web reporting facility) and/or any other written or oral means of communication. The Employees/Directors and Business Associates may, in exceptional cases, approach directly the Chairperson of the Audit Committee of the Board of Directors of the Company for registering complaints.

During the year under review, the Policy was suitably amended to include reporting of instances relating to leak of Unpublished Price Sensitive Information (UPSI).

No personnel were denied access to the Audit Committee of the Company with regards to the above.

4. In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

5. The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets. There were no penalties imposed or strictures passed against the Company by SEBI, stock exchange(s) on which the shares of the Company are listed or any statutory authority in this regard, during the last 3 (three) years.

6. **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Non-Mandatory Requirements

(i) The Non-Executive Chairman of the Company has been provided a Chairman's Office at the Registered Office of the Company.

(ii) Half-yearly financial results of the Company including summary of the significant events for the period ended 30th September, are sent to all shareholders of the Company. The Company makes presentations to Institutional Investors and Equity Analysts on the Company's performance on a periodic basis which are also available on the website of the Company.

(iii) During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

(iv) The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.

(v) The Chief Internal Auditor reports to the Managing Director & CEO and has direct access to the Audit Committee. He participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.

7. **Subsidiary Companies:**
The Company does not have any material non-listed Indian subsidiary company in terms of Regulation 16 of the Listing Regulations. Synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company on periodical basis. The Audit Committee reviews the financial statements including investments by the unlisted subsidiaries of the Company.

The Management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

During the year under review, the Policy for determining material subsidiaries was suitably modified to bring it in line with the recent amendments to Listing Regulations.

The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's website at the following link:

https://www.asianpaints.com/more/investors/policies-programs.html

8. **Website**
The Company ensures dissemination of applicable information under Regulation 46(2) of the Listing Regulations on the Company's website (www.asianpaints.com). A separate section on 'Investors' on the website contains details relating to the financial results declared by the Company, annual reports, presentations made by the Company to investors, press releases, shareholding patterns and such other material information which is relevant to shareholders.

9. **Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations**
The Company has not raised funds through preferential allotment or qualified institutional placement.

10. **Secretarial Compliance Report**
SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of Dr. K R Chandratre (CP No. 5144), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification.

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed as Annexure [C-2] to the Board's Report forming part of this Annual Report.

11. **Certificate from Practicing Company Secretary**
Certificate as required under Part C of Schedule V of Listing Regulations, received from Ms. Kumudini Bhalerao (CP No. 6690), Partner of M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 9th May, 2019.

12. **Recommendations of Committees of the Board**
There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

13. **Total fees paid to Statutory Auditors of the Company**
Total fees of ₹ 3,67,28,613 (Rupees Three Crore Sixty Seven Lakh Twenty Eight Thousand Six Hundred and Thirteen) for financial year 2018-19, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

14. **Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**
The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

a. Number of complaints filed during the financial year: 3

b. Number of complaints disposed of during the financial year: 3

c. Number of complaints pending as on end of the financial year: NIL

15. **Code of Conduct:**
The Company has adopted a Code of Conduct for all employees including the members of the Board and Senior

Report on Corporate Governance (Continued)

Management Personnel. All members of the Board and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the financial year 2018-19. The declaration to this effect signed by Mr. K.B.S. Anand, Managing Director & CEO of the Company forms part of this Report.

16. **Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:**

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, *inter alia*, required to amend/formulate the following:

(a) Code of Conduct to Regulate, Monitor and Report trading by Designated Persons

(b) Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'

(c) Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)

(d) Whistle Blower Policy to enable reporting in case of leak of UPSI

The Board of Director at their meeting held on 29th March, 2019, approved formulation/amendments to the aforesaid.

The declarations and disclosures to be received from the designated persons (except Directors, Promoter(s) and Promoter(s) group) are automated. The Company has a portal under which disclosure/ declarations/ undertakings are given by designated persons as required under Insider Trading Code.

The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations w.r.t. action taken against such defaulters. The said non – compliances are promptly intimated to SEBI.

The Code of Conduct to Regulate, Monitor and Report trading by Designated Persons, Code of Fair Disclosure & Conduct and Whistle Blower Policy have been uploaded on website of the Company and can be accessed through the following link:

https://www.asianpaints.com/more/investors/policies-programs.html

17. None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

Means of Communication

The Company promptly discloses information on material corporate developments and other events as required under Listing Regulations. Such timely disclosures are an indicator of the Company's good corporate governance practices.

a. **Publication of quarterly results (₹)**

Quarterly, half-yearly and annual financial results of the Company are published in leading English and Marathi language newspaper, viz., all India editions of Business Standard and Maharashtra edition of Punyanagari and Mumbai editions of Free Press Journal and Navshakti newspapers.

b. **Website and News Releases**

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website (www.asianpaints.com).

c. **Stock Exchange**

The Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

d. **NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre**

NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.

e. **Reminders to Investors (✉)**

Reminders are sent to shareholders for registering their email ids, claiming returned undelivered share certificates, unclaimed dividend and transfer of shares thereto.

General Shareholder Information

1. Corporate Identification Number (CIN)	L24220MH1945PLC004598
2. Registered Office	Asian Paints Limited
	6A, Shantinagar,
	Santacruz (E)
	Mumbai – 400 055
3. Annual General Meeting	
Date	Thursday, 27th June, 2019
Time	11.00 a.m.
Venue	Patkar Hall, Nathibai Thackersay Road, New Marine Lines, Mumbai – 400 020

Webcast facility for AGM

The Company has engaged NSDL for providing the service of webcast to its shareholders. The same may be accessed at https://www.evoting.nsdl.com by using remote e-voting credentials.

4. Dates of book closure	Saturday, 15th June, 2019 to Thursday, 27th June, 2019 (both days inclusive)
5. Financial Calendar	
Financial Year	1st April to 31st March
Tentative schedule for declaration of financial results during the financial year 2019-20	
Quarter ending 30th June, 2019	24th July, 2019
Quarter ending 30th September, 2019	22nd October, 2019
Quarter ending 31st December, 2019	22nd January, 2019
Quarter and financial year ended 31st March, 2020	11th May, 2020
6. Dividend payment date	
Dividend details	Payment date
Interim Dividend for FY 2018-19 of ₹ 2.85 per equity share declared on 22nd October, 2018	1st November, 2018
Final dividend for FY2018-19 of ₹ 7.65 per equity share recommended by the Board of Directors at its meeting held on 9th May, 2019	28th June, 2019 (Subject to approval of the shareholders)
7. Listing details	
Name of Stock Exchange(s) & Stock Code(s)	Address
BSE Limited (BSE) – 500820	BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
National Stock Exchange of India Limited (NSE) – ASIANPAINT	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
ISIN for Depositories	INE021A01026

The Company has paid listing fees to BSE and NSE for the financial year ended 31st March, 2019

General Shareholder Information (Continued)

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

Year(s)	Percentage (%)	In ₹ per share (Face value of ₹ 1 each)*	Dividend amount (₹ in crores)
2013-14	530	5.3	508.4
2014-15	610	6.1	585.1
2015-16	750	7.5	719.4
2016-17	1030	10.3	988
2017-18	870	8.7	834.5
2018-19 (interim)	285	2.85	273.4

* The dividend value per share has been adjusted to reflect the sub-division of the face value of the equity shares of the Company from ₹ 10 (Rupees ten) to ₹ 1 (Rupees one) each in the financial year ended 31st March 2014.

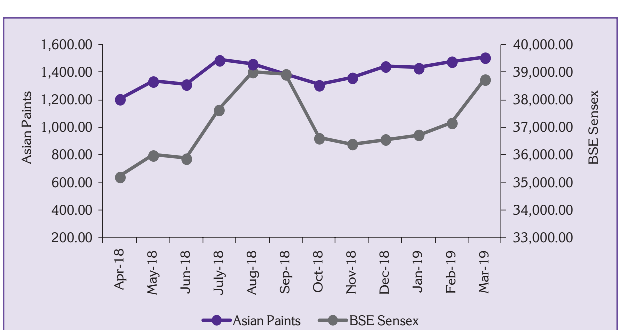
9. Market Price Data – the monthly high and low prices of the Company's shares at BSE and NSE for the financial year ended 31st March, 2019 are as follows:

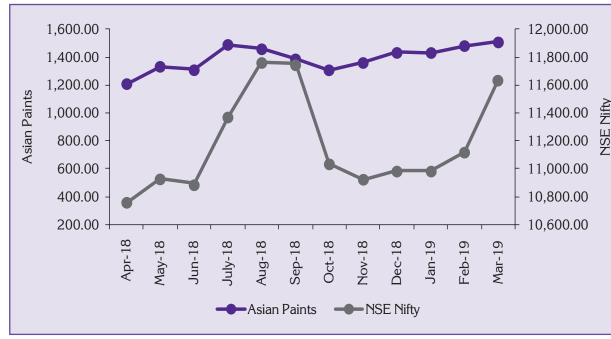
Month(s)	BSE		NSE	
FY2018-19	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
April, 2018	1,206.15	1,112.60	1,207.00	1,111.50
May, 2018	1,335.10	1,180.55	1,332.00	1,178.10
June, 2018	1,313.10	1,243.05	1,310.00	1,240.20
July, 2018	1,488.60	1,261.80	1,490.60	1,261.00
August, 2018	1,461.05	1,365.80	1,459.95	1,364.20
September, 2018	1,387.45	1,215.00	1,387.50	1,211.90
October, 2018	1,307.50	1,119.60	1,307.90	1,118.00
November, 2018	1,361.75	1,212.40	1,361.75	1,213.80
December, 2018	1,444.00	1,254.35	1,433.90	1,252.15
January, 2019	1,431.50	1,351.60	1,432.05	1,353.30
February, 2019	1,478.60	1,346.75	1,480.00	1,345.00
March, 2019	1,507.95	1,380.70	1,508.95	1,380.00

Source: BSE and NSE website

10. Stock Performance in comparison to broad-based Indices:

The Chart below shows the comparison of the Company's share price movement on BSE vis-à-vis the movement of the BSE Sensex and NSE Nifty for the financial year ended 31st March, 2019 (based on month end closing):





11. In case the securities of the Company are suspended from trading, the reasons thereof

The Securities of the Company are not suspended from trading on the stock exchanges.

12. Share Transfer System

M/s. TSR Darashaw Limited is the Company's Registrar and Share Transfer Agent (RTA). All the documents received from shareholders are scrutinized by the Company's RTA. The shares lodged for transfer, etc. are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board of Directors of the Company have delegated the authority to approve the transfer of shares, transmission of shares, requests for deletion of name of the shareholder etc. to the designated officials of the Company. A summary of approved transfers, transmissions, deletion requests, etc. is placed before the Board of Directors from time to time as per the Listing Regulations.

Transactions involving issue of share certificates, namely, issuance of duplicate share certificates, split, rematerialisation, consolidation and renewal of share certificates are approved by the Shareholders' Committee of the Board of Directors of the Company.

SEBI, vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, introduced a documented framework for streamlining and strengthening the systems and processes of RTAs, Issuer Companies and Bankers to an Issue with regards to handling and maintenance of records, transfer of securities and payment of dividend, as may be applicable. In the said Circular, SEBI has suggested measures to make the systems and processes among the RTAs, Issuer Companies and Bankers, more robust and transparent.

The said SEBI Circular, *inter alia*, provides for some key requirements like maintenance of dividend master file, reconciliation of dividend account(s), Updation of PAN and

Bank mandates by the Shareholders, wherever not available, System-Log(s), enhanced due diligence, etc. These changes suggested by SEBI in the share related functioning are forward looking and ensures that proper internal checks and controls are in place.

The Company and its RTA are in compliance with the applicable requirements of the set framework.

13. Transfer to the Investor Education and Protection Fund

Pursuant to applicable provisions of the Companies Act, 2013 (Act) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (IEPF Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years from the date of transfer to Unclaimed Dividend Account on the Company. Further, according to the IEPF Rules, the shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

During the year under review, the Company had sent individual notices and also advertised in the newspapers, seeking action from the shareholders who have not claimed their dividends for 7 (seven) consecutive years or more. The Company has transferred to IEPF the following unclaimed dividends and corresponding shares:

Particulars	Amount of Dividend (in ₹)	No. of shares
Final Dividend for the Financial Year 2010-11	57,65,260	25,400
Interim Dividend for the Financial Year 2011-12	26,95,748	61,322

During the financial year 2019 – 20, the Company would be transferring unclaimed final dividend amount for the financial year ended 31st March, 2012 on or before 31st August, 2019, and unclaimed interim dividend amount for the financial year ended 31st March, 2013 on or before 31st December, 2019, to IEPF.

Details of shares/shareholders in respect of which dividend has not been claimed, are provided on the website of the Company at:

https://www.asianpaints.com/more/investors/unclaimed-dividend.html.

The Company sends periodic intimations to the Shareholders concerned, advising them to lodge their claims w.r.t. unclaimed dividends.

Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF following the procedure prescribed in the IEPF Rules.

The shareholders are requested to verify their records and claim their unclaimed dividends for the past years, if not claimed.

With effect from 7th September, 2016, shareholders whose unclaimed dividend and shares have been transferred to IEPF under Companies Act, 1956 and/or Act, can claim the same from IEPF.

Guidelines for Investors to file claim in respect of the Unclaimed Dividend or Shares transferred to the IEPF:

1. Shareholders are advised to verify their details like address, bank mandate, PAN, status of outstanding dividend(s), etc. from M/s. TSR Darashaw Limited, Company's Registrar and Transfer Agent, before filing an application with IEPF.

2. Download the Form IEPF-5 from the website of IEPF (http://www.iepf. gov.in) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/instruction kit along with the e-form carefully before filling the form.

3. After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website of IEPF. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.

4. Take a print out of the duly filled Form No.IEPF-5 and the acknowledgement issued after uploading the form.

5. Submit an indemnity bond in original, copy of the acknowledgement and self-attested copy of e-form along with other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund of dividend from IEPF Authority" / "Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.

6. Claim forms completed in all respects will be verified by the Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

General Shareholder Information (Continued)

The Nodal Officer of the Company for coordination with IEPF Authority is Mrs. Radhika Shah, Chief Manager – Secretarial & Legal and following are the contact details:

Email ID: investor.relations@asianpaints.com

Telephone No.: (022) - 62181000

Address: 6A, Shantinagar, Santacruz (East), Mumbai 400 055

14. Dividend:

The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's Bank Account. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their Bank account through the Banks' Automated Clearing House ("ACH") and/or any other permitted mode for credit of dividend. The Company also voluntarily sends intimations to those shareholders to whom dividend has been credited electronically, for their future reference.

Members holding shares in physical form are requested to register and/or update their core banking details with the Company's RTA and those holding shares in electronic form shall register/update such details with their Depository Participants (DPs), as mandated by SEBI vide Circular dated 20th April, 2018. The Company had successfully completed dispatch of three reminders to the shareholders whose Bank/PAN mandates were not registered with the Company. There has been reduction to the tune of 25 % of such cases wherein there are the no Bank/PAN mandates registered with the Company.

Dividend warrants in respect of the dividends declared, have been dispatched to the shareholders at the addresses registered with the Company. Those shareholders who have not yet received the dividend warrants may please write to the Company's RTA for further information in this regard. Shareholders who have not encashed the warrants are requested to do so by getting them revalidated from the Company's RTA.

The Company has sent voluntarily reminders to those shareholders whose dividends are outstanding under their Folio/Demat Account, as the case may be. This is sent by way of an Inland Letter, all the dividend(s) which are outstanding are mentioned thereunder and shareholder are required to sign and send the same to the Company's RTA.

Details of Unclaimed Dividend:

The details of the outstanding unclaimed dividend and corresponding due dates for transfer to IEPF as on 31st March, 2019 are as under:

Sr. No.	Particulars of Dividend	Amount (in ₹)	Due dates for transfer to IEPF
1.	Final Dividend 2011-2012	70,09,754	31st August, 2019
2.	Interim Dividend 2012-2013	26,32,878.80	31st December, 2019
3.	Final Dividend 2012-2013	1,07,69,006	29th August, 2020
4.	Interim Dividend 2013-2014	39,66,965	26th December, 2020
5.	Final Dividend 2013-2014	1,05,45,491	30th August, 2021
6.	Interim Dividend 2014-2015	58,17,631	22nd November, 2021
7.	Final Dividend 2014-2015	1,30,78,953	7th September, 2022
8.	Interim Dividend 2015-2016	64,10,272	27th December, 2022
9.	Final Dividend 2015-2016	2,46,82,954.40	2nd September, 2023
10.	Interim Dividend 2016-2017	1,41,17,250.10	30th December, 2023
11.	Final Dividend 2016-2017	3,67,76,258.10	2nd September, 2024
12.	Interim Dividend 2017-18	1,31,44,278.25	28th December, 2024
13.	Final Dividend 2017-18	2,75,99,706.75	1st September, 2025
14.	Interim Dividend 2018-19	1,20,18,119.68	26th December, 2025

15. Disclosure in respect of equity shares transferred to the 'Asian Paints Limited – Unclaimed Suspense Account' is as under:

In accordance with the requirements of Regulation 34, 39 read with Schedule V(F) of Listing Regulations details of equity shares in Asian Paints Limited Unclaimed Suspense Account are as follows:

	Particulars	No. of shareholders	No. of Equity Shares
Opening Balance	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 1st April, 2018	548	8,19,840
Less	Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	28	87,680
Less	Number of shareholders whose shares got transferred from suspense account to IEPF during the year	60	31,980
Closing Balance	Aggregate number of shareholders and outstanding shares lying in the suspense account as on 31st March, 2019	460	7,00,180

All the corporate benefit against those shares like bonus shares, split, dividend etc, would also be transferred to Unclaimed Suspense Account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

16. Dematerialization of shares:

Break up of shares in physical and demat form as on 31st March, 2019 is as follows:

Particulars	No. of Shares	% of shares
Physical Segment	**97,91,863**	**1.02**
Demat Segment	**94,94,05,927**	**98.98**
NSDL	92,62,96,864	96.57
CDSL	2,31,09,063	2.41
Total	**95,91,97,790**	**100**

SEBI vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 8th June, 2018, amended Regulation 40 of SEBI Listing Regulations pursuant to which after 1st April, 2019, transfer of securities can not be processed unless the securities are held in the dematerialized form with a depository.

The Company has sent three reminders to those shareholders holding shares in physical form advising them to dematerialize their holding. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode going forward.

The said measure of SEBI is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities in demat form will improve ease, convenience and safety of transactions for investors.

SEBI vide Press Release No. 12/2019 dated 27th March, 2019, clarified that the transfer deed(s) once lodged prior to deadline of 1st April, 2019 and returned due to deficiency in document(s) may be re-lodged for transfer.

17. Distribution of Shareholding:

Distribution of shareholding of shares of the Company as on 31st March, 2019 is as follows:

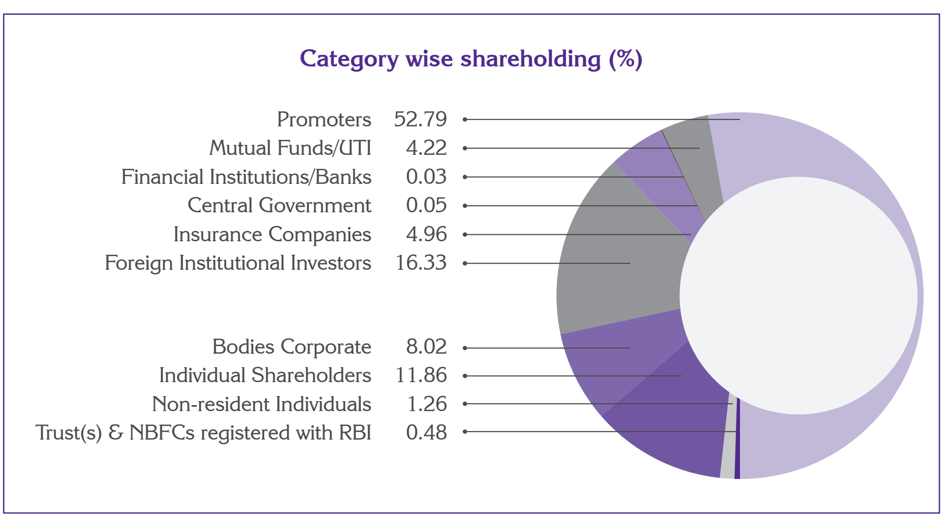
No. of equity shares		Shareholders		Shareholding	
		No.	% to total	No.	% to total
1	50	1,29,831	58.87	22,22,817	0.23
51	100	29,148	13.21	24,30,477	0.25
101	200	21,059	9.55	31,13,035	0.33
201	300	7,646	3.47	19,41,895	0.20
301	400	3,469	1.57	12,48,970	0.13
401	500	3,518	1.60	16,71,245	0.17
501	1,000	6,858	3.11	52,92,273	0.55
1,001	5,000	12,526	5.68	3,27,76,272	3.42
5,001	10,000	3,604	1.63	2,79,71,930	2.92
10,001	AND ABOVE	2,879	1.31	88,05,28,876	91.80
Total		**2,20,538**	**100.00**	**95,91,97,790**	**100.00**

General Shareholder Information (Continued)

Shareholding Pattern as on 31st March, 2019:

Category of Shareholder(s)	Total No. of Shares	% of Total No. of Shares
(A) Shareholding of Promoter(s) and Promoter(s) Group		
(a) Individuals/Hindu Undivided Family	10,18,68,177	10.62
(b) Bodies Corporate	40,42,62,685	42.14
(c) Trust	253,620	0.03
Total Shareholding of Promoter(s) and Promoter(s) Group (A)	**50,63,84,482**	**52.79**
(B) Public shareholding		
(I) Institutions		
(a) Mutual Funds/UTI	403,90,932	4.22
(b) Financial Institutions/Banks	321,225	0.03
(c) Central Government	513,575	0.05
(d) Insurance Companies	4,76,04,853	4.96
(e) Foreign Institutional Investors	15,66,80,363	16.33
Sub-Total (B)(1)	**24,55,10,948**	**25.59**
(2) Non-Institutions		
(a) Bodies Corporate	7,67,86,658	8.02
(b) Individuals		
(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	10,52,67,749	10.97
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	85,31,955	0.89
(c) Non-Resident individuals	120,50,800	1.26
(d) Trust(s) and NBFCs registered with Reserve Bank of India (RBI)	4,665,198	0.48
Sub total (B)(2)	**20,73,02,360**	**21.62**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**45,28,13,308**	**47.21**
Total (A)+(B)	**95,91,97,790**	**100**

Category-wise shareholding:



18. Outstanding Instruments and their impact on equity:

The Company does not have any outstanding GDRs/ ADRs/ Warrants/Convertible Instruments as on 31st March, 2019.

19. Commodity price risk or foreign exchange risk and hedging activities;

a) Risk management policy of the listed entity with respect to commodities including through hedging:

The Company has in place a Risk Management Policy and a mechanism to assess risk, periodically review it and ensure that steps are taken to mitigate the risks. The Risk Management Committee (RMC) periodically meets to discuss the key strategic and business risks and the risk treatment plans being taken by the Company. The minutes of the meetings of the RMC are periodically shared with the Audit Committee of the Board.

The Company imports certain raw materials, which are derivatives of various commodities, from various sources, for manufacturing paints and related products of the Company. Most of the significant raw materials are not commodities per se, though some of them could be derivatives of commodities.

The Company does not undertake any commodity hedging activities.

The Company actively monitors the foreign exchange movements and takes forward covers as appropriate to reduce the risks associated with transactions in foreign currencies.

b) Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year: NA

c) Commodity risks faced by the listed entity during the year and how they have been managed: NA

20. Credit Ratings and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31st March, 2019. The ratings given by CRISIL for short-term borrowings and long-term borrowings of the Company are A1+ and AAA respectively. There was no revision in the said ratings during the year under review.

21. Plant Locations:

Paint Plants

1. Plot Nos. 2602/2702, GIDC Industrial Area, Ankleshwar - 393 002, Gujarat.
2. SIPCOT Industrial Park, Plot No. E6-F13, Sriperumbudur - 602 105, Kancheepuram District, Tamil Nadu.
3. Plot A1, MIDC, Khandala Industrial Area, Taluka Khandala, Satara - 412 802, Maharashtra.
4. Plot Nos. 50-55, Industrial Development Area, Phase II, Patancheru - 502 319 Dist. Medak, Telangana.
5. A-1, UPSIDC Industrial Area, Kasna - II, Kasna Village, Greater Noida, Dist. Gautambudh Nagar - 203 207, Uttar Pradesh.
6. Plot No. 1, IMT, Sector 30 B, PO Kherisadh Village, Rohtak - 124 027, Haryana.
7. Taloja Plant: Plot No. 3/2, MIDC, Taloja, Raigad - 410 208, Maharashtra.
8. Plot No. 3, 4 and UDL, Industrial Cluster, Pudi, Rambilli - 531 061, Visakhapatnam District, Andhra Pradesh
9. Thandya Phase – 2, Industrial Area, Immavu, Nanjangud Taluk, Mysore - 571 302, Karnataka.

Other Plants:

1. Penta Plant: B-5 and 10, Sipcot Industrial Complex, Cuddalore - 607 005, Tamil Nadu.

22. Address for Correspondence:

For any queries relating to the shares of the Company, correspondence may be addressed to the Company's RTA at:

M/s. TSR Darashaw Limited (TSRDL)

6-10, Haji Moosa Patrawala Industrial Estate,
Near Famous Studios, 20, Dr. E. Moses Road,
Mahalaxmi, Mumbai – 400 011,

Tel No.: (022) 6656 8484 Extn.: 411/412/413

Fax No.: (022) 6656 8494

Toll Free No.: 1800 2100 124

e-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

For the convenience of our investors, our RTA will accept the share transfer documents and other related letters at their following locations:

1. Branches of TSRDL
   - 503 Barton Centre, 5th Floor 84, Mahatma Gandhi Road, Bangalore – 560 001.
   - Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road, Kolkata – 700 071.
   - Plot No 2/42, Sant Vihar, Ansari Road Daryaganj, New Delhi – 110 002.
   - Bungalow No. 1, 'E' Road, Northern Town Bistupur, Jamshedpur – 831 001.

General Shareholder Information (Continued)

2. Agents of TSRDL

   Shah Consultancy Services Ltd., 3, Sumatinath Complex, Pritam Nagar Akhada Road, Ellisbridge, Ahmedabad – 380 006.

The documents will also be accepted at the Registered Office of the Company:

Asian Paints Limited
CIN: L2422MH1945PLC004598
6A, Shantinagar, Santacruz (E), Mumbai – 400 055,
Tel. No.: (022) 6218 1000
E-mail: investor.relations@asianpaints.com
Website: www.asianpaints.com

Shareholders are requested to quote their Folio No./ DP ID & Client ID, e-mail address, telephone number and full address while corresponding with the Company and its RTA.

23. Addresses of the redressal agencies for investors to lodge their grievances:

Ministry of Corporate Affairs (MCA)
'A' Wing, Shastri Bhawan, Rajendra Prasad Road,
New Delhi – 110 001
Tel. No.: (011) 2338 4660, 2338 4659
Website: www.mca.gov.in

Securities and Exchange Board of India
Plot No.C4-A, 'G' Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051,
Tel. No.: (022) 26449000 / 40459000 /
(022) 26449950 / 40459950
Fax No.: (022) 26449019-22 / 40459019-22
Toll Free Investor Helpline: 1800 22 7575
E-mail : sebi@sebi.gov.in
Website: www.sebi.gov.in

Stock Exchanges:
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Tel. No.: (022) 26598100 - 8114
Fax No.: (022) 26598120
Website: www.nseindia.com

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001
Tel. No.: (022) 22721233/4, (022) 66545695 (Hunting)
Fax No.: (022) 22721919
Website: www.bseindia.com

Depositories:
National Securities Depository Limited
Trade World, 'A' Wing, 4th & 5th Floors,
Kamala Mills Compound,
Lower Parel, Mumbai – 400 013
Tel. No.: (022) 2499 4200
Fax No.: (022) 2497 6351
Email: info@nsdl.co.in
Website: www.nsdl.co.in

Central Depository Services (India) Limited
Marathon Futurex, A-Wing, 25th floor,
N M Joshi Marg, Lower Parel,
Mumbai – 400 013
Toll free No.: 1800-22-5533
Email: complaints@cdslIndia.com
Website: www.cdslindia.com

24. Others:

A. Non-resident shareholders:

   Non-resident shareholders are requested to immediately notify:

   1. Indian address for sending all communications, if not provided so far;
   2. Change in their residential status on return to India for permanent settlement; and
   3. Particulars of their Non Resident Rupee Account, whether repatriable or not, with a bank in India, if not furnished earlier.

B. Updation of shareholders details:

   1. Shareholders holding shares in physical form are requested to notify the changes to the Company/ its RTA, promptly by a written request under the signatures of sole/first joint holder; and
   2. Shareholders holding shares in electronic form are requested to send their instructions directly to their DPs.

C. Shareholders are requested to keep record of their specimen signature before lodgement of shares with the Company to obviate possibility of difference in signature at a later date.

D. Nomination of shares:

   Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Form No. SH-13 annexed to this report or download the same from the Company's website.

E. Requirement of PAN:

Shareholders holding shares in physical form are mandatorily required to furnish self- attested copy of PAN in the following cases:

1. Transferees and Transferors PAN Cards for transfer of shares;
2. Legal Heirs'/Nominees' PAN Cards for transmission of shares;
3. Surviving joint holder's PAN for deletion of name of the deceased shareholder;
4. Shareholder's PAN Card for dematerialization of shares;
5. Shareholder's and surety's PAN for issuance of duplicate share certificate; and
6. Shareholder's and Nominee's PAN Card for registration of nomination of shares.

The Company has written to shareholders holding shares in physical form requesting them to furnish their PAN as mandated by SEBI vide Circular dated 20th April, 2018. Those shareholders who are yet to respond to the Company's request in this regard are once again requested to take action in the matter at the earliest.

F. SEBI Complaints Redress System (SCORES):

The investors' complaints are also being processed through the centralized web base complaint redressal system of SEBI. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of their complaints.

SEBI vide its Circular dated 26th March, 2018 have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at:

https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redress-mechanism-new-policy-measures_38481.html

Annexure to Report on Corporate Governance for the financial year ended 31st March, 2019

Declaration of Compliance with the Code of Conduct

I hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2019.

Place: Mumbai
Date: 9th May, 2019

K.B.S. Anand
Managing Director & CEO

Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certification

The Board of Directors
Asian Paints Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2019 and that to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

KBS Anand
Managing Director & CEO

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Place: Mumbai
Date: 9th May, 2019

Independent Auditors' Certificate on Corporate Governance to the members of Asian Paints Limited

To the Members of
Asian Paints Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. AAD/AVJ/3435/2018-19/1 dated 4th June, 2018.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Asian Paints Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2019.

9. We 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place: Mumbai
Date: 9th May, 2019

Business Responsibility Report (BRR)

Introduction

The philosophy of giving back to the society has been an integral part of Indian culture. Asian Paints believes in this philosophy and has always taken strides to induce inclusive socio-economic transformation by giving back to the society. The Company endorses the guiding principles as outlined in the National Guidelines on Responsible Business Conduct (NGBRC) as formulated by the Ministry of Corporate Affairs and is committed towards their adherence. The Company believes that it will help in implementation of United Nation's Guiding Principles of 'Protect', 'Respect' and 'Remedy'.

The Company has in past, taken up sustainable water management, waste management and energy management as goals and this year too there have been sincere efforts to reduce, reuse and recycle the resources it uses.

The Business Responsibility Report is a summary of the Company's sustainability programmes and its more detailed Sustainability Report is published separately.

Section A: General Information About the Company

1. **Corporate Identity Number (CIN)** : L24220MH1945PLC004598
2. **Name of the Company** : Asian Paints Limited
3. **Registered address** : 6A, Shantinagar, Santacruz (East), Mumbai - 400 055
4. **Website** : www.asianpaints.com
5. **E-mail Id** : investor.relations@asianpaints.com
6. **Financial Year reported** : 1st April, 2018 to 31st March, 2019
7. **The Company is engaged in (industrial activity code-wise):**

Group*	Description
202	Manufacture of paints, varnishes, enamels or lacquers
202	Manufacture of surfacing preparations; organic composite solvents and thinners, and other related products
201	Manufacture of organic and inorganic chemical compounds n.e.c.
259	Manufacture of metal sanitary ware such as bath, sinks, washbasins and similar articles

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

8. **The key products that the Company manufactures (as per Balance Sheet) are:**
   (1) Paints/Synthetic Enamels, Other Colours, (2) Pentaerythritol (3) Bath fittings

   Please refer to Company's website (www.asianpaints.com) for complete list of products.

9. **Total number of locations where business activity is undertaken by the Company:**
   i. Number of international locations – Nil (on a standalone basis)
   ii. Number of national locations –

Paint Manufacturing Facilities	9
Chemical Plants	1
Research & Technology Centre and Test Sites	3
Sales Locations	136
Admin Offices	58
Distribution Centres	10
Other offices including the Registered Office	5

10. **Markets served by the Company:**

Local	State	National	International
✓	✓	✓	✓

Section B: Financial Details of the Company

1. **Paid up Capital** : ₹ 95.92 crores
2. **Total Turnover** : ₹ 18,584.65 crores
3. **Total profit after taxes** : ₹ 2,134.76 crores
4. **Total Spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (PAT)%**

The Company's total spending on CSR for the financial year 2018-19 is ₹ 52.70 crores which is 2.47% of PAT.

5. **Some of the areas for which expenditure in 4 above has been incurred:**
   - Education
   - Water Conservation
   - Health Care, Hygiene and Sanitation
   - Skill Development

Section C: Other Details

- The Company as on 31st March, 2019 has 6 (Six) direct subsidiaries and 19 (Nineteen) indirect subsidiaries.
- The Company encourages its subsidiaries to adopt its policies and practices.

Section D: Business Responsibility Information

1. Details of Director/Directors responsible for BR

a. Details of the Director responsible for implementation of the BR policy:

- DIN : 03518282
- Name : K.B.S. Anand
- Designation : Managing Director & CEO

b. Details of the BR head:

- Name : Jayesh Merchant
- Designation : CFO & Company Secretary, President – Industrial JVs
- Tel. No. : +91 22 6218 1000
- E-mail Id : investor.relations@asianpaints.com

2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/Policies (Reply in Y/N)

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect, and make efforts to restore the environment
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Question(s)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders? Refer Note 1	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? Refer Note 2	Y	Y	Y	Y	Y	Y	NA	Y	N
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director? Refer Note 3	Y (It is signed by the Vice President - Human Resources Function)	Y (It is signed by the Managing Director)	Y (It is signed by the Vice President - Human Resources Function)	Y (It is signed by the Managing Director)	Y (It is signed by the Vice President - Human Resources Function)	Y (It is signed by the Managing Director)	NA	Y (It is signed by the Managing Director)	Y (It is signed by the Managing Director)
5.	Does the Company has a specified committee of the Board of Directors/ Official to oversee the implementation of the policy? Refer Note 4	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
7.	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	NA	Y	Y

Business Responsibility Report (BRR) (Continued)

Sr. No.	Question(s)	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the Company has a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Refer Note 5:	Y	Y	Y	Y	Y	Y	NA	Y	Y

Note:

1. While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.
2. The spirit and content of the Code of Conduct and all the applicable laws and standards are captured in the policies articulated by the Company. The policies are based on and are in compliance with the applicable regulatory requirements and national and International Standards. Please refer the detailed report for more information.
3. As a process all the policies are noted by the Board. The Board authorises Senior Officials of the Company to authenticate the policies and make necessary changes whenever required.
4. The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and Internal Audit Function respectively. The CSR Policy is administered by the CSR Committee in line with the requirements of the Companies Act, 2013 and Rules framed thereunder. The EHS Policy is overseen by the Supply Chain, Manufacturing and the Research & Technology Function. The Company has a separate Customer Centricity Function which looks at all customer related issues.
5. While the Company has not carried out independent audit of the policies, the Internal Audit Function periodically looks at the implementation of the policies.

Principle	Applicable Policies	Link for policices
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Code of Conduct	https://www.asianpaints.com/more/investors/policies-programs.html
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Environment, Health and Safety Policy.	https://www.asianpaints.com/footer-links/ehs-policy.html
Principle 3: Businesses should promote the well-being of all employees	Code of Conduct & Internal HR Policies for Employees.	https://www.asianpaints.com/more/investors/policies-programs.html
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	CSR Policy & Customer Policy.	https://www.asianpaints.com/content/dam/asianpaints/website/secondary-navigation/about-us/corporate-citizenship/CSR%20Policy.pdf https://www.asianpaints.com/footer-links/customer-policy.html
Principle 5: Businesses should respect and promote human rights	Code of Conduct.	https://www.asianpaints.com/more/investors/policies-programs.html
Principle 6: Businesses should respect, protect, and make efforts to restore the environment	Environment, Health and Safety Policy.	https://www.asianpaints.com/footer-links/ehs-policy.html
Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner	NA	NA
Principle 8: Businesses should support inclusive growth and equitable development	CSR Policy.	https://www.asianpaints.com/content/dam/asianpaints/website/secondary-navigation/about-us/corporate-citizenship/CSR%20Policy.pdf
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Customer Policy.	https://www.asianpaints.com/footer-links/customer-policy.html

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

Sr. No.	Question(s)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

* The Company does not have a separate policy on "policy advocacy". For advocacy on policies related to the Paint Industry, the Company works through industry associations such as Indian Paints Association, Confederation of Indian Industries, etc. There are specified officials in the Company who are authorised for communicating with industrial bodies and managing government affairs in accordance with Communication Policy of the Company.

Governance related to BR

While the BR initiatives are driven by business teams alongwith support functions like Sustainability and CSR group, the performance is assessed by the Board of Directors of the Company, either directly or through its Committees, on a periodic basis. The CSR Committee meets every quarter to review implementation of the projects/ programmes/activities to be undertaken in the field of CSR.

The Company publishes the information on BR every year which forms part of the Sustainability Report and the Annual Report of the Company. The Sustainability Report can be accessed by using the following hyperlink - https://www.asianpaints.com/more/download-reports.html

The Annual Report can be accessed by using the following hyperlink -

https://www.asianpaints.com/more/investors/annual-reports.html

Section E: Principle-Wise Performance

Principle 1

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

Company's Code of Conduct ("The Code") is based on the principles of Ethics, Transparency and Accountability and it underlines the belief that ethical behavior in all operations is the corner stone guiding our governance of economic, social and environmental responsibilities. The employees of the Company and its subsidiaries are expected to adhere to the Code and report its violation to the Ethics Committee, as and when observed. Also, the employees are expected to affirm the Code on annual basis. The Code as well as the Company's Policy on Prevention of Fraud applies to any irregularity, involving employees as well as vendors, contractors, customers and/or any other entities having a business relationship with the Company. Fraud includes acts such as deception, bribery, forgery, extortion and corruption.

An Ethics Committee has been constituted to oversee the implementation and adherence of the Code, both in letter and spirit, and to deal with complaints regarding the violation of the Code. The Committee comprises of Managing Director & CEO, Company Secretary and the head of the Human Resource function.

The Company has a well-defined Whistle Blower Policy in place to provide the employees of the company and its subsidiaries a mechanism to raise concern with respect to any unlawful or unethical activity or violation of law or the Code including the policies formulated thereunder.

Compliance with the statutory requirements has always been one of the focus areas. There is a centralized compliance function which enables business teams know their statutory responsibilities and ways to fulfil those responsibilities. The compliance function, while on one hand keeps the Board and the senior management updated about the status of compliance with statutory requirements, on the other hand works with business teams to build capabilities through trainings and assessments.

There is a robust system to protect the confidentiality of unpublished price sensitive information. The system works through processes that not only ensures compliance with the requirements prescribed under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, by making timely disclosures to stock exchanges, declarations by designated persons, pre-approval of trading plans etc. but also moves ahead with the help of the Company's Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information. The Code is applicable to those employees of the Company, its subsidiaries and joint ventures, who may be deemed to have access to unpublished price sensitive information.

Business Responsibility Report (BRR) (Continued)

There are different systems in place to receive and resolve complaints from various stakeholders. In case of investors, complaints received through SEBI, stock exchanges or depositories are resolved through Company's share transfer agent. During the year the Company received 27 investor complaints out of which 26 have been resolved and one is in process as on 31st March, 2019.

Principle 2

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

It has been the Company's constant endeavor to provide safe and sustainable products. The resolve to provide truly green products is demonstrated by our use of sustainability leadership standards.

The Company with the help of its people and technology aspires to offer products that meet the global standards and are a mark of innovation. We are determined to be a leading company in product stewardship and in creating business value from it by providing safe and more sustainable solutions for our customers.

The Company has products that address health and hygiene of consumers.

Royale Health Shield is an anti-bacterial product that provide better interior air quality and protection against bacteria. This product has been endorsed by Indian Medical Association.

Damp Sheath Interior is best-in-class water proofing solution with easy application which increases the life of painted wall by reducing surface dampness

Royal Atmos is an eco-friendly air purifying product that emits a soothing fragrance after painting.

The Company has been taking all possible measures to reduce Volatile Organic Compounds (VOC) levels in paints. As a result, we have been able to reduce it over the years. In continuation of making products more sustainable, company has further reduced biocide loading in many products without compromising on performance.

Further, restriction of lead in paints has been a focus area even before it was mandated by the Ministry of Environment Forest and Climate Change in 2016. As a result, lead content in Company's products is less than the prescribed limits and the fact is also stated on each paint container, as required under the Regulation on Lead Contents on Household and Decorative Paints Rules, 2016. We are screening all our raw materials and newly developed paint formulation for Lead content by using our internal facility which is accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) ISO/ISE 17025:2005.

All our existing and new products for architectural and decorative market are free from presence of heavy metals and respirable crystalline silica.

Our new product, Royale Health Shield has been designed to address the safety and health issues of consumer. The product is conforming to the stringent antiasthma requirements of American Asthma Foundation (AAF).

Apcolite Rust Shield has been introduced to the market to address the challenge of corrosion in household metallic structures. It can be applied over moderately rusted surfaces. The unique polymer technology and formulation science helps the product to hold onto the rust and protect the overall structure for longer period.

The company launched a new product Nilaya Natural. The product is designed as per Ecocert standard for natural Origin paints and Coatings and more than 97% of its ingredients are either natural or natural origin.

Extending the durability of paint is always a focus area for our company. This year, company launched Ultima Protek Lamino with longer service life and unmatched performance properties. It has positive impact in life cycle assessment of paints.

Company continued to develop products to provide waterproofing solutions to its consumers for building protection.

- This year, SmartCare PU Magnum 2K waterproofing membrane coating was launched.
- We have upgraded all our premium products to give better performance in different environmental conditions.

The Company has a full-fledged Research and Technology Division manning more than 200 highly qualified scientists and comprising of state-of-the-art laboratories, a microbiology lab, an instrumentation lab and a resin and functional polymer development lab. The newly expanded R & T building at Mumbai, is now fully functional providing more space to carry out additional development and testing for the products. It is also offering more space to scientists.

Company has also implemented more efficient machinery at plants to reduce the power consumption and to reduce raw materials that are high contributors to product carbon footprint. Company has also increased consumption of raw material from renewable resources.

Company's application laboratory has developed test protocol for various application tools designed by company for best outcome in terms of finish and ease of application. Application laboratory also has developed test protocol to get the best output from automated tools. Application laboratory has also tested various construction materials and their impact on finish of final top coat.

With a view to ensure safe use of our products, Product Information Sheets for all the major products have been made available on the Company's website. It contains information pertaining to product features, process of application, technical details, safety precautions etc. The information can be accessed through the following link : https://www.asianpaints.com/pro/product_listing.aspx.

Introduction of any new raw materials in the paint formulation goes through a strict gate system for any Carcinogen, Mutagen and Reproductive toxins and safety related impacts on environment, human and product usage. Further, use of hazardous raw material are controlled and eliminated during design and manufacture of products. While possible efforts are made to remove such raw material from the active list however, in case, alternatives are not available then processes have been laid down to mitigate the exposure risk during manufacturing, application and disposal.

Company is working closely with the transporters, conducting safe driving classes to driver community to increase the awareness on safety and prevention of wastage and leakage during the transit. Further company also is strengthening the cargo through various cargo securing options. These initiatives have helped in considerably reducing the damages.

Use of Recycled Polypropylene Copolymer (PPCP) in product packaging is encouraged wherever it meets the functional requirement of plastic pails.

Company continuously engages with global vendor on understanding the good safe practices in handling, storage and transportation of Monomers.

Company has engaged with Nicer Globe initiative by Indian Chemical council in monitoring of tanker movement (carrying Monomers) from Port to our plants location. This initiative helps in reacting to any emergency response enroute fast.

As a result of rutile savings, the overall carbon footprint reduced by around 14%.

Further, to ensure waste minimisation during manufacturing process the powder bags are de-dusted to reduce wastage. At the manufacturing location with significantly high production volumes, few powdered raw materials are supplied in pneumatic tankers.

Principle 3

Businesses should promote the wellbeing of all employees

Occupational health and safety has always been a focus area. The Company is committed to ensure workers safety in the Company and along the value chain. Policies and practices relating to the equity, dignity and wellbeing, and provision of decent work (as indicated in Sustainable Development Goal 8), of all employees engaged within a business or its value chain, without any discrimination and in a way that promotes diversity, have been laid down. The Company recognizes that well-being of an employee also includes the well-being of his/her family.

Sr. No.		Category of employees	Number of employees
1		Permanent employees	6,456
	a.	Women employees	398
	b.	Differently abled employees	12
	c.	Other employees	6,046
2		Temporary employees	13,603
	a.	Contract employees	13,456
	b.	Temporary / casual employees	147

There are registered and recognized trade unions at the company's manufacturing locations and certain sales units are affiliated to various local and central trade unions. Around 27% of permanent employees are under unionised category.

There are no complaints arising out of child labour, forced labour or involuntary labour as the company prohibits such practice as also outlined in the law.

Safety & Health at the workplace

Our people are at the core of our business. Their health and safety are of paramount importance to the Company. As a responsible organisation, we are committed to conducting operations that ensure the health & safety of our employees and protect the environment and maintain the integrity of our assets.

All our manufacturing facilities implement industry safety standards and stringently follow them. Occupational health and safety is centrally governed by a Safety Council in the organisation. It is supplemented by Plant Level Apex and Department Safety Committees.

Safety Council provides oversight to ensure continuous performance backed up by the Corporate Quality and Safety (CQS) team.

Some of the initiatives taken in the area of Health & Safety are listed below:

- Behaviour Based Safety (BBS) initiative was started in the year 2014 at Ankleshwar and extended to Patancheru in 2016. The plants undergo baseline assessment to establish the maturity level and periodic assessment once in two years to review the progress made. Both the plants have made significant strides in the safety culture and have moved to next levels in the subsequent assessments. This initiative is now extended to six decorative plants. Each plant has branded them keeping in view the regional context viz "KRISSH" at Ankleshwar plant, "CHAMP" at Patancheru plant, "I LEAD" at Sriperumbudur plant and "Parivartan" at Khandala plant.
- All the leaders in Supply Chain (General Works Managers, Chief Managers, General Managers and Vice President) have undergone a workshop on Safety Culture Building.

Business Responsibility Report (BRR) (Continued)

This programme is made mandatory for all leaders in supply chain before they assume their respective roles.

- 12 Life Saving Behaviors (LSB's) were launched at an organization level to mitigate critical risks through awareness building defining procedures and cultural interventions.

- All the decorative manufacturing plants follow the Asian Paints Safety Manual which is based on British Safety Council Specifications for Five Star Safety Audit. During the year 2018-19, Rohtak plant has successfully completed Five Star Safety Audit of the British Safety Council.
- The Company continues to move on the health agenda by keeping Occupational Health Centres (OHCs) at its manufacturing plants upgraded and ahead of the regulatory requirements. The Company has partnered with various agencies for implementing its wellness programmes.
- At our trans-shipment locations Suraksha Sarvopari, a safety program, has been implemented which encompasses safety audits, training & communication, safety systems, incident management, safety campaigns and electrical safety. Under the programme, the units are graded monthly and an annual award is presented to the winning team.
- Safety Stalwart is a similar program implemented in Sales Godowns. The program is aimed to sensitize the workers including loaders and unloaders, equipment operators etc. working within a warehouse on personal safety. The program focuses on mock drills, safety campaigns, electrical safety, safety audits, safety week celebrations and safety improvements. The units are graded monthly and an annual award is presented.
- A road safety awareness intervention was taken up for the sales force covering the various aspects of two-wheeler safety.
- New standards for testing the integrity of flameproof equipment's and Warehouse Safety are released and are being taken up for implementation.
- All the critical safety incidents, if any, are thoroughly investigated. The root cause and the corrective and preventive actions are reviewed and approved by the General Managers. The implementation of actions is monitored by the Corporate Quality and Safety group and regular MIS is published.
- The company participates in reputed best practice sharing competitions organized by CII, FICII etc to get outside in perspective. "Kavasam" the safety implementation model at Sriperumbudur was awarded as National level safety best practice by CII in May 2018.
- In few of the locations covering 1800 employees a 2-month long wellness campaign "Asian Paints Health Challenge" was run in a gamified manner covering physical exercise, food, water intake etc. in order to build awareness and attention to the area of physical well-being. This will now be taken up across the organization.
- Further a helpline service called 'APAL' in partnership with Optum was launched to provide mental and psychological support to employees.
- The Company provides mediclaim facility under the Group Mediclaim Policy to its on-roll employees including employees at the manufacturing locations (based on settlement agreements signed by the Company).

- Suitable checks and balances are ensured at each of the units to ensure that wage payments, statutory contributions, provision of safety equipment and other such obligations are met by the contractor as per the prescribed laws. The Company employs stringent screening and selection criteria for contractors and ensures the terms of contract clearly stipulate statutory requirements to be followed by them.

- Welfare facilities like subsidised food, rest rooms, medical check-up and medical facilities are provided to all employees including contract employees working at plants.

- Safety and dignity of our women employees is of paramount importance. In order to ensure their safety and to secure individual rights at the workplace, the Company has designed an internal module to apprise employees on the provisions of the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) and redressal mechanisms. In addition to the POSH workshops which are conducted for all new-joinee inductions, workshops are also conducted to sensitize employees on the subject. Total number of 354 employees were covered in such workshops conducted during the year. An Internal Complaints Committee has been constituted at all locations with an empanelled external expert.

- Cases of sexual harassment reported were settled as per the due process of law prescribed to prevent and redress cases of sexual harassment.

  - Number of sexual harassment cases in 2018-19: 3

  - Number of sexual harassment cases closed in 2018-19: 3

- At Asian Paints, the wage increase for team members and Operators are done through long term settlements with the union and these settlements have been linked to productivity and overall plant improvement aspects. The relationship with the union has always been fair and as an organization we have not lost any man days on account of industrial relations.

- Apart from long term settlement the organization has a robust employee relations agenda at plants with focus on growth, inclusive participation and skill upgradation of these employees at large. The team members / Operators through these programmes have taken up supervisory roles and have grown in their career.

  Percentage of employees who were given safety and skill upgradation training in the last year are:

I	Permanent employees	90%
II	Permanent women employees	100%
III	Casual / Temporary / Contractual employees at plants	100%
IV	Employees with disabilities	100%

Diversity and Inclusion

- The Company acknowledges the significance of diversity. Be it in gender or thoughts or skill. The year 2018-19 witnessed enhanced focus on diversity of skills and thoughts. The conversation around diversity involved women wellness campaigns which aimed at building mindfulness and wellbeing for women employees.

- Women are present in Company's workforce including contract workforce. There is no discrimination between men and women regarding working conditions and payment of wages.

- In order to support women employees various policies have been instituted including Extended Maternity Break, Child Care Leave, Adoption/Surrogate Leave, Sabbatical Leave, In-house Creche etc., to support them to maintain a healthy work-life balance.

- Senior Leadership in the organization are provided with the opportunity to engage in coaching relationships with external coaches and the same is open to all in a cadre and above irrespective of gender. The organization also actively focuses on building coaching capability in the employees. We have had several female participants in such interventions over the past several years.

- Through internal People Review Processes and Internal Job Posting, organization talent is rotated into newer roles on the basis of requirements and constraints expressed by the employee himself/herself. Several job rotations across cadres have been observed in the past for female employees

- The learning journeys are a function of the cadre and are not restricted basis any other criteria in the organization. Choice/competency-based electives, transition programs and external program opportunities are offered to all. In most of such programs, we get equitable representation from females.

Capability building

- The Company supports and encourages its employees in their pursuit of skill and knowledge enhancement. While there are training resources available as per the requirement. There are also policies for continuing education which are available to ensure they build their skills for higher responsibilities and overall employability. Some initiatives which have worked well are as follows:

Business Responsibility Report (BRR) (Continued)

- Emerging Leaders program meant for the first time managers, Enabling Leaders program and Strategic Leaders program is designed for new mid- level managers and functional managers.
- Participants were spread across all the verticals in the organization and were mandated for all who have been promoted since the last run of the intervention. These learning journeys used blended learning approach where self-reflection, conversations, online learning modules for Harvard, In house 360 feedback tool, Hogan/Harrison personality assessment tools and classroom sessions based on required leadership competencies were conducted.
- There are programs which help employees from a non-management background to get inputs. The Company has a tie-up with one of the premier B-schools in India for a customized Business Management Program. In the year 2018-19, Asian Paints partnered with IIM-Bangalore to conduct 2 different and customized learning journeys for a set of executives, managers and senior managers in the organization.
    - o There are numerous courses that employees participate in depending on their individual development plans.
    - o With approx. 2000 man-days of trainings and a new online learning platform extended to over 5000 employees in the organization, the spread was over competency based electives (about 40 conducted centrally), level based transition programs (4 flagship programs) and add-ons (integrate agendas on developmental conversations, visioning exercises, enhancing the culture of challenging status quo, mindfulness etc) basis niche requirements from businesses in the organization.
    - o In order to facilitate constructive feedback, there are customized tools like a 360° feedback system available for all managerial cadres. This is available on demand by employees.

Principle 4

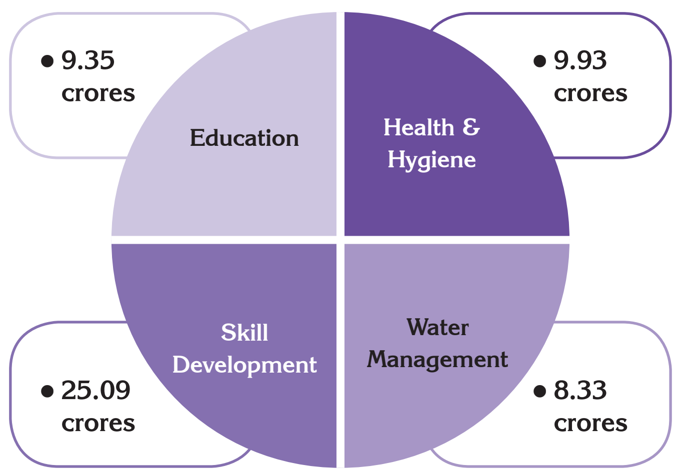
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

While stakeholder identification and engagement is a continuous process, it is the key aspect for any social intervention. With an aim to improve the quality of life, reduce social inequalities and help individuals in marginalised communities to achieve their true potential, we facilitate access to quality education and healthcare, upskill the unorganised workforce and assist in addressing challenges in water management.

We aim towards improving access to quality education for children, besides motivating them to attend schools. We help improve Government school infrastructure to enrich learning outcomes and encourage school-going children.

The Company endeavors to engage with its stakeholders regularly to consult and to seek feedback and response through formal and informal channels. Further, the Company also make efforts to generate employment for the local communities around its manufacturing units. The Company works towards enhancing education, increasing awareness towards the importance of water conservation. The Company take care of its contract man power by providing welfare facilities like subsidized food, rest rooms, medical check-ups and medical facilities etc.

An aggregate of ₹ 52.70 Crores were spent towards CSR during the year. Following have been our focus areas.



Education

Echoor Panchayat School,Kannur district, Kerala

Supported by Asian Paints with school infrastructure, furniture and other amenities. Aranari Panchayat Union Primary School (PUPS) has been shortlisted for renovation and refurbishment with education-based interventions.

Pennalur Panchayat Middle School, Kanchipuram, Tamil Nadu

Identified some infrastructure renovation and upgrading, which includes toilet construction, handwash area with taps, borewell, Reverse Osmosis (RO) water tank, levelling of ground and entrance board, furniture requirements and so on.

TabLab, Kasna Uttar Pradesh

A digital literacy programme that helps to establish digital learning infrastructure in Government schools.

Driving Science Education

Partnered with Kutuhal Science Activities Pvt. Ltd. to organise science workshops and distribute science kits to school children between the ages of 6 -15 years.

Skill development

At Asian Paints, our objective is to enhance employable skills and knowledge of an individual to assist him/her in contributing to India's economic growth and also to create an inclusive society. We started our first Asian Paints Colour Academy (APCA) in Chennai to transform unskilled youth to painters and paint contractors.

The Asian Paints Colour Academy is equipped with modern facilities to help upgrade the skills of existing painter, making them specialists. The Academy also provides vocational training to unskilled youth on basic and specialised painting techniques, which enable them to increase their earnings. The Academy offers training programs across a variety of skills including designer finishes, mechanization, water proofing, wood finishes and wallpaper installation in order to improve lives of unskilled individuals.

> Asian Paints Colour Academy is a NSDC approved training partner and the Company has been supporting the Skill India Mission furthered by the Government of India.

> In the financial year 2018-19, Colour Academies have conducted more than 1,15,000 trainings.

In order to spread our reach, mobile colour academies have been set-up which keep on travelling from town to town across the expanse of the country with a setup to deliver quality training to impart skill development training. This training helps them in improving their livelihood.

For more information on our social initiatives please refer the "Corporate Social Responsibility" section of this Annual Report.

Principle 5

Businesses should respect and promote human rights

The Universal Declaration of Human Rights is the fulcrum around which policies related to our Code of Conduct for Employees, Human Resource Policies and settlements with Trade Unions at our plants are based. According to International conventions, the term 'human rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others. The Company adheres to all these tenets and its policies are governed by the same. Our Company is compliant to national regulations pertaining to human rights.

Several refresher workshops discussing the principles enshrined in the Code of Conduct of the Company were organized for its employees. The case studies were drawn from their regular areas of work. The Code of Conduct of the Company also applies to the employees of the subsidiary companies.

A key initiative in this space has been the 'VOE' (Voice of employees) – a grievance redressal mechanism that is being continuously upgraded. VOE allows operators to raise grievances online and also track progress on closure of the same. The Employee relations initiatives run under the umbrella of "Sambandh" allows the Company to drive engagement with operators through inclusive participation and regular communication. This enables the company to receive and provide timely feedback which cordial relation with the operators.

During the financial year 2018-19, there were no complaints for human rights violation received from the stakeholders.

Principle 6

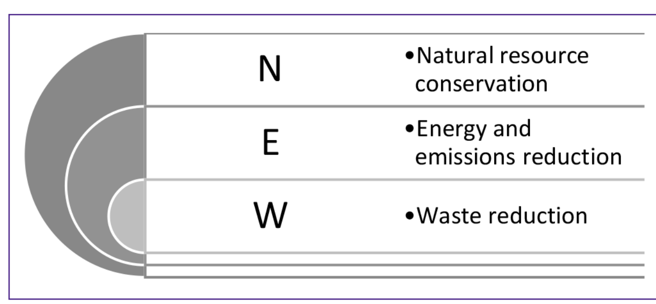
Businesses should respect, protect, and make efforts to restore the environment

At Asian Paints, we are on a constant vigil to enhance the positive attributes of paint while arresting its negative impact on the environment and maintaining high quality and safety standards.

The Company has taken necessary steps to comply with the central and state plastic waste management rules.

The Company has published a revised Environment, Health and Safety (EHS) Policy that is signed by the MD & CEO and available on the Company's website can be accessed at https://www.asianpaints.com/footer-links/ehs-policy.html

Under project NEW, each of our six decorative paint manufacturing facilities have been given a unique 'theme' with performance targets considering base year as FY 2013-14. The performance of the 6 key themes and other highlights are published each year in the company's Sustainability Report. The Sustainability Report can be accessed at https://www.asianpaints.com/more/sustainability.html



Water is a crucial natural resource that we share with our communities. As a responsible corporate, we continue to replenish the water we use over time – a complex and a never-ending challenge. We invest and support community water projects across all our manufacturing locations through:

- Rooftop rainwater harvesting and recharge systems
- Integrated watershed development in nearby villages
- Check dam and lake desilting processes

Business Responsibility Report (BRR) (Continued)

The factories have made all possible efforts to reduce water footprint by efficient water usage in non-product applications such as utilities, cleaning activities, gardening and domestic purposes.

All the manufacturing units consistently work towards diminishing specific energy consumption. Some of our major initiatives include:

- Replacing conventional light fittings with LEDs across manufacturing units
- Using Variable Frequency Drive (VFD) for pumps and blowers in utilities
- Substituting ‘reciprocating air compressor’ with VFD-based screw compressor
- Improving processes to decrease energy consumption

The Company has continued investing in renewable energy installations to reduce dependency on fossil fuels. The Company’s renewable energy strategy of ‘RE36 by 2020’ is driving the investments towards consuming 36% of the total electricity consumption at factories from renewable sources of Wind and Solar installations.

We follow the classical '3R' strategy of Reduce, Reuse and Recycle for waste management. The factories have adopted a twin-focused approach for effective effluent management - reducing the trade effluent generated at source and finding ways of reusing the treated effluent. This strategy has been instrumental in achieving zero liquid discharge outside factory premises across all paint manufacturing units.

The Company’s manufacturing facilities (other than the new factories at Mysuru & Vizag) are ISO 14001 certified for its Environment Management System. As part of the Environment Management System, every factory monitors the Business Risks and Operational Risks (through an Aspect-Impact study of various activities). Risk Management Plans are developed. Deviations from laid down policies and procedures are tracked and reviewed by effective procedures of Corrective Action and Preventive Action (CAPA).

In order to monitor the health of the Environment Management System, review meetings are held twice in a year. The meetings are chaired by the senior management and environment personnel within the Supply Chain function. The members deliberate on the topics of Natural Resource Conservation, Energy & Emissions Reduction, Waste Management including its Generation and Disposal.

Systems and processes have been put in place since the past few years to communicate to the senior management about the environmental statutory compliance by each factory. All statutory applicable legislations are proactively identified on an ongoing basis and efforts are always to be ahead on the compliance curve.

Principle 7

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

The Company has always welcomed public initiatives and have been pro-active on compliance with the relevant regulatory requirements. While at the design stage or during implementation of a public policy, if any difficulty has been foreseen or experienced by the industry, the same has been brought to the notice of the regulators through industry bodies for seeking required clarification or resolution. However, ensuring that any such representation is not or cannot be prejudicial to public interest.

As on 31st March, 2019 your Company is a member of following trade associations

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Bombay Chamber of Commerce & Industry
- The Indian Paint Association (IPA)

The Company has been taking up subjects of larger interest from the platform of Indian Paints Association for the benefit of the paints industry as a whole.

The Company has been active participant in forums like Bureau of Indian Standards to help evolve new standards for finished products and raw materials for personal and environment safety.

Principle 8

Businesses should support inclusive growth and equitable development

At Asian Paints, we consider community engagement to be an integral part of our corporate culture. As a responsible organisation, community care remains consistently embedded in our value-creation system.

An amount of ₹ 52.70 crores was spent towards various CSR projects during the financial year 2018-19 benefitting many people.

The details of the CSR initiatives undertaken by your Company are set out in the Corporate Social Responsibility section of this Annual Report.

Principle 9

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

The Company commits that it shall operate in an ethical and transparent manner treating customers the way it itself would like to be treated.

Consumer survey/consumer satisfaction trends are carried out regularly by the Customer Centricity Department to assess levels of customer-satisfaction using the Net Promoter Score Research methodology. The Customer Centricity department also manages Customer Experience within the organization and fosters the spirit that customer is and should be central in everything they do.

Correspondingly, following link can be accessed to check-out what our customers have to say about our painting service https:// www.asianpaints.com/more/testimonials.html

The products of your Company display all information which is mandated by law including the directions for use. Product information is available in the Product Information Sheet that is available with the dealers of the Company and on the website of the Company.

Your company understands that time starved customers today wish for all information in the convenience of their phones!

To make it easy for customers to explore, select and visualise wall colours, textures and wallpapers on their walls, a simple and powerful visualiser app was launched in April 2018. Over 15 lakh customers have downloaded the app and have sought help in choosing colours and finishes for their walls. The app also allows customers to sign up for a painting service or search for the nearest shop where Asian paints products are available.

Additionally a real time chat service helps customers with answers to all their painting queries.

Your company understands the importance of decision and purchase convenience for consumers and now has an online shop at https://www.asianpaints.com/online-shop.html which sells colour tools, wall stickers and DIY kits for décor enthusiasts. Dedicated chat, email and call centre support is available for all online shoppers to address any of their queries.

For receiving and resolving customer complaints there are systems in place to record and manage complaints. As on 31st March, 2019 all complaint cases have been visited at least once by Asian Paints representatives. Cases pending for resolution are primarily for customers to commit dates for re-painting.

49 consumers related legal cases were pending as at the end of the financial year.

While there are no cases filed by any stakeholder against the Company regarding unfair trade practices or anti- competitive behaviour during the last five years, there are complaints filed against the Company regarding misleading advertisements to which Company has provided appropriate response. The matter is pending with the authority.

STANDALONE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

To the Members of Asian Paints Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Asian Paints Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matter	How was the matter addressed in our audit
Revenue recognition (Refer note 1.4(f) and 22 of the Standalone Financial Statements)	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.
Discounts and incentives (Refer note 1.4(f) and 22 of the Standalone Financial Statements)	
Discounts and incentives to dealers / customers are administered through various schemes including incentives. These are material items of business cost. The calculation of the amount of expense to be recognized is both voluminous, complex and involves significant judgement. The liability recognized for such discounts and incentives as at 31st March, 2019 is ₹ 475.11 crores. There is a risk that such liabilities for discounts and incentives may be inaccurately recognised.	Our audit procedures included assessment of the design and implementation of controls, in addition to testing the effectiveness of key controls in respect of recognition of the liabilities for such discounts and incentives. We have considered each significant type of discount recognized and assessed the appropriateness of the judgement applied while recognising the liability including the methodology and inputs used in calculating the amount and in some cases, re-performed the calculation. Our audit procedures also included verification of appropriate authorization, analytical review including comparison of budgeted amount and actual charge for the year and review of historical trends in respect of these liabilities.

The Key Audit Matter	How was the matter addressed in our audit
Capital work-in-progress/Property Plant and Equipment (PPE) - (Refer note 1.4 (c), note 1.4 (d) and note 2, note 3 of the Standalone Financial Statements)	
The Company had embarked on the project of setting up manufacturing plants in Mysuru and Vizag. Value of Mysuru and Vizag plants capitalized during the year is ₹ 1,220 crores and ₹ 1,125 crores respectively. The projects need to be capitalized and depreciated once the assets are ready for use as intended by the management. Inappropriate timing of capitalization of the project and/or inappropriate classification of categories of items of PPE could result in material misstatement of Capital work-in-progress/ PPE with a consequent impact on depreciation charge and results for the year.	Our audit procedures included testing the design, implementation and operating effectiveness of controls in respect of review of capital work in progress, particularly in respect of timing of the capitalization and recording of additions to items of various categories of PPE with source documentation, substantive testing of appropriateness of the cut-off date considered for project capitalization. We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and segregated into appropriate categories. We reviewed operating expenses to determine appropriateness of accounting. Further, through sites visits, we physically verified existence of capital work in progress/PPE.
System Upgradation	
The Company used SAP ECC 6.0 which was upgraded to SAP S/4 HANA in November 2018. Migration to S/4 HANA is a major upgrade to the existing core enterprise application system resulting into a significant change to the financial accounting configuration which is the core for financial reporting including preparation of standalone financial statements. Risks identified as emanating from the aforesaid change were (i) Inappropriate changes made to the application systems or programs that contain relevant automated controls (i.e., configurable settings, automated algorithms, automated calculations, and automated data extraction) and/or report logic and (ii) Systems not adequately configured or updated to restrict system access to authorized users.	Our audit procedures included obtaining detailed project plan and SAP Governance framework for transition to new SAP landscape. We involved Information Technology (IT) Specialists as part of the audit team to perform audit procedures in respect of this upgradation. Audit procedures performed by the IT Specialists involved, obtaining User Acceptance Testing ('UAT') sign-off to ensure that the implemented system was configured in line with business requirements, performing test of General IT Controls and user access controls in respect of SAP S/4 HANA IT environment and testing the operating effectiveness of the data migration process. The audit procedures also involved testing of critical transactions, segregation of duties (SOD) rules to ensure system access was restricted to authorized users and testing of interface controls between new SAP environment and other auxiliary systems.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report, Report on Corporate governance and Business Responsibility report but does not include the consolidated financial statement, standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund other than two instances of delays aggregating ₹ 3.52 lakhs on account of unclaimed and unpaid sale proceeds of fractional shares arising out of the issue of bonus shares in earlier years.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
9th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Asian Paints Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
9th May, 2019

ANNEXURE "B" TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (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 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. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. 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 such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to one of its wholly owned subsidiary company, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with 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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount Unpaid (₹ in crores)
Income Tax	IT Matters under dispute	CIT (A)	A.Y. 2016-17	67.40	51.24
		Tribunal	A.Y. 2015-16	8.94	1.07
		Tribunal	A.Y. 2014-15	9.72	-
		Tribunal	A.Y. 2013-14	2.61	-
		Tribunal	A.Y. 2012-13	2.92	-
		Assessing Officer	A.Y. 2006-07	0.82	-
		High Court	A.Y. 2007-08	0.09	0.09
		Tribunal	A.Y. 2009-10	0.11	0.11
		Tribunal	A.Y. 2010-11	0.13	0.13
		CIT (A)	A.Y. 2011-12	0.40	0.32
		Tribunal	A.Y. 2011-12	0.31	0.31
			Total (A)	**93.45**	**53.27**
Sales tax	Assessment Dues	Assessing Authority	F.Y. 2000-01 to F.Y. 2016-17	17.42	16.89
		First Appellate level	F.Y. 1994-95 to F.Y. 1995-96, F.Y. 1997-98 to F.Y. 2016-17	34.44	27.36
		Second Appellate level	F.Y. 2009-10, F.Y. 2013-14 to F.Y. 2016-17	3.43	3.40
		Tribunal	F.Y. 1991-92, F.Y. 1993-94, F.Y. 1996-97 to F.Y. 1999-00, F.Y. 2000-01 to F.Y. 2011-12, F.Y. 2013-14	15.61	10.35
		High court	F.Y. 1993-94, F.Y. 1997-98, F.Y. 2000-01 to F.Y. 2006-07, F.Y. 2008-09 to F.Y. 2009-10, F.Y. 2012-13	2.03	0.76
		Supreme Court	F.Y. 1992-93, F.Y. 1993-94, F.Y. 2005-06 to F.Y. 2008-09	1.21	0.16
			Total (B)	**74.14**	**58.92**
Central Excise Act, 1944	Dispute relating to Excise Duty	Adjudicating Authority	F.Y. 2015-16, October 2007	0.32	0.29
		First Appellate	F.Y. 1986-87, F.Y. 1996-97, F.Y. 2006-07, September 2013 to November 2013, F.Y. 2015-16, F.Y. 2016-17	1.21	1.17
		Tribunal	F.Y. 2005-08, F.Y. 2012-13 to F.Y. 2014-15	8.96	7.01
			Total (C)	**10.49**	**8.47**
			Total (A+B+C)	**178.08**	**120.66**

There are no dues of Customs duty which have not been deposited on account of dispute.

viii. 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 financial institutions, bankers and government. The Company did not have any outstanding debentures during the year.

ix. The Company did not have any term loans outstanding during the year. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
9th May, 2019

Balance Sheet as at 31st March, 2019

(₹ in Crores)

	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2	4,580.57	2,477.44
Capital Work-in-Progress		179.31	1,391.84
Goodwill	3A	35.36	35.36
Other Intangible Assets	3B	54.61	55.73
Investments in Subsidiaries and Associate	4	830.35	830.35
Financial Assets			
Investments	4	987.02	716.98
Loans	5	76.00	79.08
Other Financial Assets	6	220.70	144.75
Current Tax Assets (Net)	7	81.48	49.50
Other Non-Current Assets	8	53.62	305.81
		7,099.02	**6,086.84**
CURRENT ASSETS			
Inventories	9	2,585.10	2,178.43
Financial Assets			
Investments	4	1,146.63	1,030.01
Trade Receivables	10	1,244.95	1,138.20
Cash and Cash Equivalents	11A	98.33	106.70
Other Balances with Banks	11B	69.19	14.14
Loans	5	13.98	12.17
Other Financial Assets	6	567.63	627.23
Assets classified as Held for Sale	12	-	0.92
Other Current Assets	8	327.54	393.29
		6,053.35	**5,501.09**
TOTAL ASSETS		**13,152.37**	**11,587.93**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	13	95.92	95.92
Other Equity	14	8,791.64	7,702.24
		8,887.56	**7,798.16**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	10.89	9.87
Other Financial Liabilities	16	1.38	0.65
Provisions	17	118.48	107.35
Deferred Tax Liabilities (Net)	18C	416.35	270.33
Other Non-Current Liabilities	19	1.52	2.61
		548.62	**390.81**
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	4.35	-
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	20	42.22	34.82
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	20	2,020.07	1,816.68
Other Financial Liabilities	16	1,429.38	1,208.56
Other Current liabilities	19	119.23	244.99
Provisions	17	52.27	42.85
Current Tax Liabilities (Net)	21	48.67	51.06
		3,716.19	**3,398.96**
TOTAL EQUITY AND LIABILITIES		**13,152.37**	**11,587.93**
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-46		

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Crores)

	Notes	Year 2018-19	Year 2017-18
REVENUE FROM OPERATIONS			
Revenue from Sale of Products (including Excise Duty)	22A	16,196.87	14,316.13
Revenue from Sale of Services	22A	12.57	13.04
Other Operating Revenues	22A	182.34	230.38
Other Income	23	278.81	277.50
TOTAL INCOME (I)		**16,670.59**	**14,837.05**
EXPENSES			
Cost of Materials Consumed	24A	8,647.82	7,100.16
Purchases of Stock-in-Trade	24B	1,010.66	742.57
Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-Progress	24C	(247.86)	154.12
Excise Duty		-	391.69
Employee Benefits Expense	25	902.79	791.08
Other Expenses	26	2,770.42	2,459.43
TOTAL (II)		**13,083.83**	**11,639.05**
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		3,586.76	3,198.00
Finance Costs	27	30.01	21.06
Depreciation and Amortisation Expense	28	382.18	311.11
PROFIT BEFORE TAX		**3,174.57**	**2,865.83**
Tax Expense	18		
(1) Current Tax		881.64	968.87
(2) (Excess) Tax provision for earlier years		(2.17)	(0.41)
(3) Deferred Tax		160.34	2.57
Total Tax Expense		**1,039.81**	**971.03**
PROFIT AFTER TAX		**2,134.76**	**1,894.80**
OTHER COMPREHENSIVE INCOME (OCI)			
A Items that will not be reclassified to Profit or Loss			
(a) (i) Remeasurement of the defined benefit plans (Refer note 40)		(40.53)	12.29
(ii) Income tax benefit/(expense) on remeasurement of the defined benefit plans		14.17	(4.29)
(b) Net fair value gain/(loss) on investments in equity instruments through OCI		9.35	(9.36)
B Items that will be reclassified to Profit or Loss			
(i) Net fair value (loss) on investments in debt instruments through OCI		(1.32)	(0.31)
(ii) Income tax benefit/(expense) on net fair value (loss) on investments in debt instruments through OCI		0.15	(2.30)
TOTAL OTHER COMPREHENSIVE INCOME (A+B)		**(18.18)**	**(3.97)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,116.58**	**1,890.83**
Earnings per equity share (Face value of ₹ 1 each)	41		
(1) Basic (in ₹)		22.26	19.75
(2) Diluted (in ₹)		22.26	19.75
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-46		

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Statement of Changes in Equity for the year ended 31st March, 2019

A) EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the reporting year	95.92	95.92
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	**95.92**	**95.92**

B) OTHER EQUITY

(₹ in Crores)

	Reserves and Surplus				Debt Instruments through OCI	Equity Instruments through OCI	Total
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings			
Balance as at 1st April, 2017 (A)	**44.38**	**0.50**	**4,166.74**	**2,672.53**	**3.77**	**110.91**	**6,998.83**
Additions during the year :							
Profit for the year	-	-	-	1,894.80	-	-	1,894.80
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	8.00	-	-	8.00
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	(9.36)	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	(2.61)	-	(2.61)
Total Comprehensive Income for the year 2017-18 (B)	-	-	-	1,902.80	(2.61)	(9.36)	1,890.83
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(987.98)	-	-	(987.98)
Income tax on dividend (Refer note 30)	-	-	-	(199.44)	-	-	(199.44)
Total (C)	**-**	**-**	**-**	**(1,187.42)**	**-**	**-**	**(1,187.42)**
Balance as at 31st March, 2018 (D) = (A+B+C)	**44.38**	**0.50**	**4,166.74**	**3,387.91**	**1.16**	**101.55**	**7,702.24**
Additions during the year :							
Profit for the year	-	-	-	2,134.76	-	-	2,134.76
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans (Refer note 40)	-	-	-	(26.36)	-	-	(26.36)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	9.35	9.35
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	(1.17)	-	(1.17)
Total Comprehensive Income for the year 2018-19 (E)	**-**	**-**	**-**	**2,108.40**	**(1.17)**	**9.35**	**2,116.58**
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(853.68)	-	-	(853.68)
Income tax on dividend (Refer note 30)	-	-	-	(173.50)	-	-	(173.50)
Total (F)	**-**	**-**	**-**	**(1,027.18)**	**-**	**-**	**(1,027.18)**
Balance as at 31st March, 2019 (D+E+F)	**44.38**	**0.50**	**4,166.74**	**4,469.13**	**(0.01)**	**110.90**	**8,791.64**

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Cash Flow Statement for the year ended 31st March, 2019

(₹ in Crores)

		Year 2018-19		Year 2017-18	
(A)	Cash Flow From Operating Activities				
	Profit before tax	**3,174.57**		**2,865.83**	
	Adjustments for:				
	Depreciation and amortisation expense	382.18		311.11	
	Interest income	(24.49)		(25.54)	
	Dividend income	(45.60)		(42.66)	
	Finance costs	30.01		21.06	
	Allowance for doubtful debts and advances	4.43		4.84	
	Bad debts written off	2.53		3.85	
	Deferred income arising from government grant	(1.09)		(1.05)	
	Net unrealised foreign exchange (gain)	(9.11)		(9.26)	
	(Gain)/Loss on sale of property, plant and equipment (net)	(13.91)		2.91	
	Net gain arising on financial assets measured at fair value through profit or loss (FVTPL)	(52.76)		(49.60)	
	Operating Profit before working capital changes	**3,446.76**		**3,081.49**	
	Adjustments for :				
	(Increase) in trade receivables	(114.38)		(149.65)	
	(Increase) in financial assets	(76.51)		(46.93)	
	(Increase)/Decrease in inventories	(406.67)		15.66	
	Decrease/(Increase) in other assets	66.64		(160.18)	
	Increase in trade and other payables	173.82		365.00	
	Increase in provisions	8.32		16.44	
	Cash generated from Operating activities	**3,097.98**		**3,121.83**	
	Income Tax paid (net of refund)	(913.84)		(985.74)	
	Net Cash generated from Operating activities		**2,184.14**		**2,136.09**
(B)	Cash Flow from Investing Activities				
	Purchase of Property, plant and equipment	(1,067.26)		(1,358.32)	
	Sale of Property, plant and equipment	15.00		9.37	
	Loan to subsidiary (net)	(1.65)		-	
	Purchase of non-current investments - Subsidiaries	-		(211.55)	
	Purchase of non-current investments - others	(325.00)		(54.00)	
	Sale of non-current investments	363.42		195.68	
	Purchase of term deposits	(414.00)		(581.00)	
	Proceeds from maturity of term deposits	414.00		666.00	
	Sale/(Purchase) of current investments (net)	121.72		(99.39)	
	Interest received	33.12		19.59	
	Dividend received from subsidiaries	7.11		6.10	
	Dividend received from others	38.49		36.56	
	Net Cash (used in) Investing activities		**(815.05)**		**(1,370.96)**
(C)	Cash Flow from Financing Activities				
	Repayment of non-current borrowings	(1.42)		(1.98)	
	Acceptances (net)	153.88		(32.08)	
	Finance costs paid	(25.79)		(20.16)	
	Dividend and Dividend tax paid	(1,022.47)		(1,184.83)	
	Net Cash (used in) Financing activities		**(895.80)**		**(1,239.05)**

Cash Flow Statement for the year ended 31st March, 2019 (Contd.)

(₹ in Crores)

		Year 2018-19	Year 2017-18
(D)	Net Increase/(Decrease) in cash and cash equivalents [A+B+C]	473.29	(473.92)
	Add: Cash and cash equivalents as at 1st April	683.07	1,156.99
	Cash and cash equivalents as at 31st March	**1,156.36**	**683.07**

Note:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
(b)	**Cash and Cash Equivalents comprises of**		
	Cash on hand	0.03	0.02
	Balances with Banks:		
	- Current Accounts	1.11	12.76
	- Cash Credit Account	1.76	1.98
	- Deposit with bank with maturity less than 3 months	52.02	25.12
	Cheques, draft on hand	43.41	66.82
	Cash and cash equivalents (Refer note 11A)	**98.33**	**106.70**
	Add: Investment in liquid mutual funds [Refer note 4(II)(ii)]	1,062.38	576.37
	Bank Overdraft (Refer note 15)	(4.35)	-
	Cash and cash equivalents in Cash Flow Statement	**1,156.36**	**683.07**

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Notes to the Financial Statements

COMPANY BACKGROUND

Asian Paints Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home decor, bath fittings and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements except as mentioned below in 1.2.

1.2. Application of New Accounting Pronouncements

The company has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect is described below:

a. The Company has adopted Ind AS 115, *Revenue from Contract with Customers* with effect from 1st April 2018 and it is detailed in note 1.4(f).

b. The Company has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 1st April 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the Statement of Profit and Loss for the year ended 31st March, 2019.

c. The Company has adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration with effect from 1st April 2018 prospectively to all assets, expenses and income initially recognized on or after 1st April 2018 and the impact on implementation of the Appendix is immaterial.

1.3. Current / Non-Current Classification

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

i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

1.4. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact

Notes to the Financial Statements

that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

b) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, 'Business Combinations'.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Company.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

c) Property, plant and equipment

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The Company had elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Capital work in progress and Capital advances:

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

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of items of property, plant and equipment is mentioned below:

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

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013 (Schedule III). The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- The useful lives of certain plant and equipment are estimated in the range of 10-20 years. These lives are different from those indicated in Schedule II.
- Scientific research equipment are depreciated over the estimated useful life of 8 years, which is higher than the life prescribed in Schedule II.
- Vehicles are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.
- Information Technology hardware are depreciated over the estimated useful life of 4 years, which is higher than the life prescribed in Schedule II.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

Notes to the Financial Statements

d) **Intangible assets**

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

The Company had elected to consider the carrying value of all its intangible assets appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss. The estimated useful life of intangible assets is mentioned below:

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

e) **Impairment**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses, on assets other than goodwill are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

f) **Revenue**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

g) Government grants and subsidies

Recognition and Measurement:

The Company is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to them. Income from subsidies is recognized on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognized.

The Company has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, Financial Instruments. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognized as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to the loans. Income from such benefit is recognized on a systematic basis over the period in which the related costs that are intended to be compensated by such grants are recognized.

Presentation:

Income from the above grants and subsidies are presented under Revenue from Operations.

h) Inventory

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Financial Statements

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

i. The Company's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer note 29 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements

This category applies to certain investments in debt instruments (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer note 29 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. <u>Financial assets measured at FVTPL:</u>

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

<u>Derecognition</u>:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's balance sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

<u>Impairment of financial assets:</u>

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly,

Notes to the Financial Statements

an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Financial Liabilities

Initial recognition and measurement:

The Company recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (Refer note 29 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

Notes to the Financial Statements

j) **Derivative financial instruments and hedge accounting**

The Company enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortized cost. The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

Recognition and measurement of fair value hedge:

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the Statement of Profit and Loss. Hedging instrument is recognized as a financial asset in the balance sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the Statement of Profit and Loss.

Derecognition:

On Derecognition of the hedged item, the unamortized fair value of the hedging instrument adjusted to the hedged item, is recognized in the Statement of Profit and Loss.

k) **Fair Value**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

l) **Investment in subsidiary and associate Companies**

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 4. Impairment policy applicable on such investments is explained in note 1.4(e) above.

m) **Foreign Currency Translation**

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and

Notes to the Financial Statements

the foreign currency at 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.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

n) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

o) Provisions and Contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

Notes to the Financial Statements

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

p) **Measurement of EBITDA**

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

q) **Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

r) **Employee Benefits**

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. Defined benefit plans:

i) Provident fund scheme:

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme:

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

iii) Pension Scheme:

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan:

The Company operates a defined post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Notes to the Financial Statements

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

s) Lease accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

(1) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(2) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

t) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

u) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

Notes to the Financial Statements

w) **Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

x) **Non-current Assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

y) **Recent accounting pronouncements**

Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Company from 1st April, 2019. The Company will be adopting the below stated new standards and applicable amendments from their respective effective date.

a) Ind AS 116, *Leases*:

Ind AS 116 supersedes Ind AS 17, *Leases*. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

The Company has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in change in the Balance Sheet, Statement of Profit and Loss and Cash flow statement. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Standard would result in recognition of right of use approximately of ₹ 425.73 crores and a corresponding lease liability approximately of ₹ 490.35 crores with net impact on reserves as on 1st April 2018. The depreciation will increase approximately by ₹ 158.19 crores, interest expense will increase approximately by ₹ 49.40 crores with a corresponding decrease in rental cost approximately by ₹ 195.98 crores for the year ended 31st March, 2019.

b) Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, *Income Taxes*:

The Appendix clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April 2019.

The impact of the Appendix on the Financial Statements, as assessed by the Company, is expected to be not material.

c) Amendment to Ind AS 12, *Income Taxes*:

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Company will apply these amendments for annual reporting periods beginning on or after 1st April 2019. The impact on the Financial Statements is being evaluated.

Notes to the Financial Statements

1.5. Key accounting estimates and judgements

The preparation of the Company's Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (Refer note 18).

b. Business combinations and intangible assets

Business combinations are accounted for using IND AS 103, Business Combinations. IND AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

e. Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 39, 'Employee benefits'.

f. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

2. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Gross Carrying Value				Depreciation / Amortisation				Net Carrying Value
	As at 01.04.18	Additions during the year	Deductions / Adjustments	As at 31.03.19	As at 01.04.18	Additions during the year	Deductions / Adjustments	As at 31.03.19	As at 31.03.19
Land :									
Freehold	164.24	7.46	-	171.70	-	-	-	-	171.70
Leasehold	147.52	8.73	-	156.25	4.56	1.74	-	6.30	149.95
Buildings	722.40	611.79	0.46	1,333.73	78.45	34.56	0.05	112.96	1,220.77
Plant and Equipment	1,868.23	1,734.58	3.61	3,599.20	553.73	265.05	3.14	815.64	2,783.56
Scientific Research :									
Buildings	71.28	-	-	71.28	4.10	2.73	-	6.83	64.45
Equipment	62.29	3.86	0.03	66.12	15.75	8.12	0.01	23.86	42.26
Furniture & Fixtures	49.93	12.93	0.15	62.71	16.92	7.62	0.13	24.41	38.30
Vehicles	1.25	0.45	0.09	1.61	0.54	0.25	0.08	0.71	0.90
Office Equipment	43.80	11.96	0.73	55.03	21.49	8.26	0.63	29.12	25.91
Leasehold improvements	9.40	-	0.03	9.37	3.50	1.92	0.03	5.39	3.98
Information Technology Hardware	94.73	67.02	0.27	161.48	58.59	24.32	0.22	82.69	78.79
Total	**3,235.07**	**2,458.78**	**5.37**	**5,688.48**	**757.63**	**354.57**	**4.29**	**1,107.91**	**4,580.57**

(₹ in Crores)

	Gross Carrying Value				Depreciation / Amortisation				Net Carrying Value
	As at 01.04.17	Additions during the year	Deductions / Adjustments #	As at 31.03.18	As at 01.04.17	Additions during the year	Deductions / Adjustments #	As at 31.03.18	As at 31.03.18
Land :									
Freehold	162.03	2.21	-	164.24	-	-	-	-	164.24
Leasehold	147.25	0.27	-	147.52	2.87	1.69	-	4.56	142.96
Buildings	714.97	8.34	0.91	722.40	50.11	28.44	0.10	78.45	643.95
Plant and Equipment	1,734.21	148.65	14.63	1,868.23	347.27	210.27	3.81	553.73	1,314.50
Scientific Research :									
Buildings	30.40	40.88	-	71.28	2.60	1.50	-	4.10	67.18
Equipment	33.00	29.29	-	62.29	10.71	5.04	-	15.75	46.54
Furniture & Fixtures	40.44	9.98	0.49	49.93	10.43	6.72	0.23	16.92	33.01
Vehicles	1.05	0.38	0.18	1.25	0.43	0.27	0.16	0.54	0.71
Office Equipment	36.96	7.32	0.48	43.80	13.20	8.68	0.39	21.49	22.31
Leasehold improvements	9.89	-	0.49	9.40	1.73	1.99	0.22	3.50	5.90
Information Technology Hardware	81.22	13.61	0.10	94.73	40.06	18.63	0.10	58.59	36.14
Total	**2,991.42**	**260.93**	**17.28**	**3,235.07**	**479.41**	**283.23**	**5.01**	**757.63**	**2,477.44**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 31 (b).

Deductions / Adjustments include assets classified as held for sale (Refer note 12)

Notes to the Financial Statements

3. INTANGIBLE ASSETS (ACQUIRED SEPARATELY)

(₹ in Crores)

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.18	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 01.04.18	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
A. Goodwill									
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	**35.36**	**-**	**-**	**35.36**	**-**	**-**	**-**	**-**	**35.36**
B. Other Intangibles Assets									
Trademark	0.94	-	-	0.94	0.57	0.19	-	0.76	0.18
Computer Software	129.50	26.50	-	156.00	74.20	27.39	-	101.59	54.41
Scientific Research :									
Computer Software	0.16	-	0.01	0.15	0.10	0.03	-	0.13	0.02
Total (B)	**130.60**	**26.50**	**0.01**	**157.09**	**74.87**	**27.61**	**-**	**102.48**	**54.61**
Total (A+B)	**165.96**	**26.50**	**0.01**	**192.45**	**74.87**	**27.61**	**-**	**102.48**	**89.97**

(₹ in Crores)

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.17	Additions during the year	Deductions / Adjustments	As at 31.03.18	As at 01.04.17	Additions during the year	Deductions / Adjustments	As at 31.03.18	As at 31.03.18
A. Goodwill									
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	**35.36**	**-**	**-**	**35.36**	**-**	**-**	**-**	**-**	**35.36**
B. Other Intangibles Assets									
Trademark	0.94	-	-	0.94	0.38	0.19	-	0.57	0.37
Computer Software	103.27	26.27	0.04	129.50	46.58	27.66	0.04	74.20	55.30
Scientific Research :									
Computer Software	0.13	0.04	0.01	0.16	0.07	0.03	-	0.10	0.06
Total (B)	**104.34**	**26.31**	**0.05**	**130.60**	**47.03**	**27.88**	**0.04**	**74.87**	**55.73**
Total (A+B)	**139.70**	**26.31**	**0.05**	**165.96**	**47.03**	**27.88**	**0.04**	**74.87**	**91.09**

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 31 (b).

Notes to the Financial Statements

3. INTANGIBLE ASSETS (ACQUIRED SEPARATELY) (CONTD.)

Note:

Allocation of Goodwill to cash generating units

Goodwill is allocated to the following cash generating unit ("CGU") for impairment testing purpose-

(₹ in Crores)

	As at 31.03.19	As at 31.03.18
Goodwill relating to Bath Fittings Business	**35.36**	35.36

The recoverable amount of this CGU for impairment testing is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five-year period (Previous year - six year), as the Company believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows.

Cash flows beyond the five-year period (Previous year - six year) were extrapolated using estimate rates stated below.

As at 31st March, 2019 and 31st March, 2018, goodwill in respect of Bath Fittings Business was not impaired.

Key Assumptions used for value in use calculations are as follows:

	As at 31.03.2019	As at 31.03.2018
Compounded average net sales growth rate for five-year period (Previous year - six year)	27%	24%
Growth rate used for extrapolation of cash flow projections beyond the five-year period (Previous year - six year)	4%	4%
Discount rate	14%	14%

Discount rates- Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with industry reports.

Notes to the Financial Statements

4. INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.19	Non-Current As at 31.03.18	Current As at 31.03.19	Current As at 31.03.18
I. Non-Current Investments						
A. Investments in Equity Instruments						
(a) Unquoted equity shares						
(i) Subsidiaries (measured at cost, Refer note 1.4(i))						
(a) Asian Paints Industrial Coatings Limited	3,04,50,000	10	30.45	30.45	-	-
(b) Asian Paints International Private Limited (Formerly Known as Berger International Private Limited)	32,28,33,370		406.60	406.60	-	-
(c) Asian Paints (Nepal) Private Limited, Nepal.	32,54,310	NPR 10	0.12	0.12	-	-
(d) Maxbhumi Developers Limited	4,19,000	10	15.55	15.55	-	-
(e) Sleek International Private Limited	1,22,180	10	169.61	169.61	-	-
Less: Impairment loss			(65.30)	(65.30)	-	-
			104.31	**104.31**	**-**	**-**
(f) Asian Paints PPG Private Limited	52,43,961	10	30.47	30.47	-	-
(g) Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	4,950	100	161.42	161.42	-	-
			748.92	**748.92**	**-**	**-**
(ii) Associate (measured at cost, Refer note 1.4(i))						
PPG Asian Paints Private Limited	2,85,18,112	10	81.43	81.43	-	-
			81.43	**81.43**	**-**	**-**
Investments in subsidiaries and associate (i+ii)			**830.35**	**830.35**	**-**	**-**
(iii) Other equity shares measured at FVTPL			**1.07**	**1.07**	**-**	**-**
Total Unquoted equity shares			**831.42**	**831.42**	**-**	**-**
(b) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	362.49	359.81	-	-
Housing Development Finance Corporation Limited	4,65,000	2	91.52	84.89	-	-
Apcotex Industries Limited	13,672	5	0.71	0.67	-	-
Total Quoted equity shares			**454.72**	**445.37**	**-**	**-**
Total Investments in Equity Instruments other than Investments in subsidiaries and associate (iii + (b))		A	**455.79**	**446.44**	**-**	**-**
B. Investments in Unquoted Government securities measured at amortised cost		B	*	*	-	-
*'[₹ 39,500/- (As at 31st March, 2018 - ₹ 39,500)]						
C. Investments in Quoted Debentures or Bonds measured at FVTOCI		C	79.51	80.47	-	-
D. Investments in Quoted Mutual Funds measured at FVTPL			451.72	190.07	84.25	346.87
Amount included under the head " Current Investments"			-	-	(84.25)	(346.87)
Total Investments in Mutual Funds - Quoted		D	**451.72**	**190.07**	**-**	**-**
Total Non-Current Investments (A+B+C+D) (other than Investments in subsidiaries and associate)			**987.02**	**716.98**	**-**	**-**
Aggregate amount of quoted investments - At cost			**542.38**	**291.88**	-	-
Aggregate amount of quoted investments - At market value			**985.95**	**715.91**	-	-
Aggregate amount of unquoted investments - At cost			**831.42**	**831.42**	-	-
Aggregate amount of impairment in value of investments			**65.30**	**65.30**	-	-

Notes to the Financial Statements

4. INVESTMENTS (CONTD.)

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.19	Non-Current As at 31.03.18	Current As at 31.03.19	Current As at 31.03.18
II. Current Investments						
Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))			-	-	84.25	346.87
ii. Investments in Liquid Mutual Funds			-	-	1,062.38	576.37
iii. Investments with original maturity more than three months but less than twelve months			-	-	-	106.77
Total Current Investments			**-**	**-**	**1,146.63**	**1,030.01**
Aggregate amount of quoted investments - At cost			**-**	**-**	**1,099.90**	**945.14**
Aggregate amount of quoted investments - At market value			**-**	**-**	**1,146.63**	**1,030.01**

5. LOANS

(₹ in Crores)

	Non-Current As at 31.03.2019	Non-Current As at 31.03.2018	Current As at 31.03.2019	Current As at 31.03.2018
Unsecured and Considered good				
(a) Sundry deposits	76.00	79.08	12.32	12.17
(b) Loan to a related party				
Loan to Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno') (wholly owned subsidiary) (Refer note 42)	-	-	1.66	-
Total	**76.00**	**79.08**	**13.98**	**12.17**

6. OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current As at 31.03.2019	Non-Current As at 31.03.2018	Current As at 31.03.2019	Current As at 31.03.2018
Royalty receivable	-	-	48.47	41.40
Due from subsidiary companies	-	-	15.36	16.16
Less: Allowance for doubtful debts and advances	-	-	(0.96)	(2.05)
	-	**-**	**14.40**	**14.11**
Due from associate company	-	-	5.21	4.97
Subsidy receivable from state government	220.64	87.79	154.54	239.42
Term deposits held as margin money against bank guarantee and other commitments	0.06	0.06	-	-
Bank deposits with more than 12 months of original maturity	-	56.90	163.90	166.05
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.62	3.38
Quantity discount receivable	-	-	177.48	157.90
Forward exchange contract (net)	-	-	0.01	-
Total	**220.70**	**144.75**	**567.63**	**627.23**

Notes to the Financial Statements

7. CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Advance payment of Income Tax (net)	81.48	49.50	-	-
Total	**81.48**	**49.50**	**-**	**-**

8. OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Capital advances	28.26	279.56	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	25.36	26.25	176.33	177.42
ii) Balances with government authorities	-	-	136.09	183.73
iii) Advances to employees	-	-	5.96	5.03
iv) Duty credit entitlement	-	-	3.89	16.54
v) Other Receivables	-	-	5.27	5.89
vi) Employee benefit assets (Refer note 39)	-	-	-	4.68
Total	**53.62**	**305.81**	**327.54**	**393.29**

9. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
(a) Raw materials	701.02	570.26
Raw materials-in-transit	169.26	157.90
	870.28	**728.16**
(b) Packing materials	38.33	39.59
(c) Work-in-progress	105.72	95.60
(d) Finished goods	1,213.53	1,016.17
Finished goods-in-transit	5.85	2.91
	1,219.38	**1,019.08**
(e) Stock-in-trade (acquired for trading)	249.14	190.83
Stock-in-trade (acquired for trading)-in-transit	12.98	33.85
	262.12	**224.68**
(f) Stores, spares and consumables	88.59	71.32
Stores, spares and consumables-in-transit	0.68	-
	89.27	71.32
Total	**2,585.10**	**2,178.43**

The cost of inventories recognised as an expense during the year is disclosed in Note 24.

The cost of inventories recognised as an expense includes ₹ 2.98 crores (Previous year ₹ 14.22 crores) in respect of write down of inventory to net realisable value. There has been no reversal of such write down in current and previous years.

10. TRADE RECEIVABLES

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
(a) Unsecured, considered good	1,244.95	1,138.20
(b) Unsecured, considered doubtful	20.94	15.42
	1,265.89	1,153.62
Less: Allowance for unsecured doubtful debts	(20.94)	(15.42)
Total	**1,244.95**	**1,138.20**

11. CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(A) Cash and Cash Equivalents				
(a) Balances with Banks				
(i) Current Accounts	-	-	1.11	12.76
(ii) Cash Credit Account##	-	-	1.76	1.98
(iii) Deposits with original maturity of less than 3 months	-	-	52.02	25.12
(b) Cheques, drafts on hand	-	-	43.41	66.82
(c) Cash on hand	-	-	0.03	0.02
Total	**-**	**-**	**98.33**	**106.70**
(B) Other Balances with Banks				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	-	-	50.33	-
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	-	-	18.86	14.14
(iii) Term deposits held as margin money against bank guarantee and other commitments	0.06	0.06	-	-
	0.06	**0.06**	**69.19**	**14.14**
Amount included under the head "Other Financials Assets"	(0.06)	(0.06)	-	-
Total	**-**	**-**	**69.19**	**14.14**

Secured by hypothecation of inventories and trade receivables and carries interest rate @ 8.60% p.a. (as at 31st March, 2018 the rate was 8.30%.)

* The Company can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

12. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Plant and Equipment *	-	0.92
Total	**-**	**0.92**

* These assets were disposed off during the year.

Notes to the Financial Statements

13. EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Authorised		
99,50,00,000 Equity Shares of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of ₹ 100 each	0.50	0.50
	100.00	**100.00**
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Shares of ₹ 1 each fully paid	95.92	95.92
	95.92	**95.92**

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Fully paid Equity Shares	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	959,197,790	95.92	959,197,790	95.92
Add: Issued during the year	-	-	-	-
At the end of the year	**959,197,790**	**95.92**	**959,197,790**	**95.92**

b) Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) Details of Shareholders holding more than 5% equity shares in the Company @

Name of Shareholders	As at 31.03.2019		As at 31.03.2018	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of ₹ 1 each held by:				
1. Smiti Holding and Trading Company Private Limited	54,084,120	5.64	54,084,120	5.64
2. Sattva Holding and Trading Private Limited	52,884,120	5.51	52,884,120	5.51
3. Geetanjali Trading and Investments Private Limited	49,267,440	5.14	49,267,440	5.14
4. Life Insurance Corporation of India	38,016,558	3.96	73,600,266	7.67

@ As per the records of the Company, including its register of members.

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.

The Board of Directors at its meeting held on 22nd October, 2018 declared an interim dividend of ₹ 2.85 (Rupees two and paise eighty five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 9th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and paise sixty five only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March, 2019. If approved, the total dividend (interim and final dividend) for the financial year 2018-19 will be ₹ 10.50 (Rupees ten and paise fifty only) per equity share of the face value of ₹ 1 each (₹ 8.70 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

Notes to the Financial Statements

14. OTHER EQUITY

(₹ in Crores)

	Reserves and Surplus				Debt Instruments through OCI	Equity Instruments through OCI	Total
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings			
Balance as at 1st April, 2017(A)	**44.38**	**0.50**	**4,166.74**	**2,672.53**	**3.77**	**110.91**	**6,998.83**
Additions during the year :							
Profit for the year	-	-	-	1,894.80	-	-	1,894.80
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	8.00	-	-	8.00
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	(9.36)	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	(2.61)	-	(2.61)
Total Comprehensive Income for the year 2017-18 (B)	**-**	**-**	**-**	**1,902.80**	**(2.61)**	**(9.36)**	**1,890.83**
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(987.98)	-	-	(987.98)
Income tax on Dividend (Refer note 30)	-	-	-	(199.44)	-	-	(199.44)
Total (C)	**-**	**-**	**-**	**(1,187.42)**	**-**	**-**	**(1,187.42)**
Balance as at 31st March, 2018 (D) = (A+B+C)	**44.38**	**0.50**	**4,166.74**	**3,387.91**	**1.16**	**101.55**	**7,702.24**
Additions during the year :							
Profit for the year	-	-	-	2,134.76	-	-	2,134.76
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans (Refer note 40)	-	-	-	(26.36)	-	-	(26.36)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	9.35	9.35
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	(1.17)	-	(1.17)
Total Comprehensive Income for the year 2018-19 (E)	**-**	**-**	**-**	**2,108.40**	**(1.17)**	**9.35**	**2,116.58**
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(853.68)	-	-	(853.68)
Income tax on Dividend (Refer note 30)	-	-	-	(173.50)	-	-	(173.50)
Total (F)	**-**	**-**	**-**	**(1,027.18)**	**-**	**-**	**(1,027.18)**
Balance as at 31st March, 2019 (D+E+F)	**44.38**	**0.50**	**4,166.74**	**4,469.13**	**(0.01)**	**110.90**	**8,791.64**

Description of nature and purpose of each reserve

Capital Reserve :

a. Capital reserve of ₹ 5000/- was created on merger of 'Pentasia Chemicals Ltd' with the Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.

b. Capital Reserve of ₹ 44.38 crores was created on merger of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Company, with the Company as per the order passed by the National Company Law Tribunal.

Capital Redemption Reserve - This reserve was created for redemption of preference shares in the financial year 1989-90. The preference shares were redeemed in the financial year 1990-91.

General Reserve - General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Debt Instruments through Other Comprehensive Income - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and impairment losses on such instruments.

Equity Instruments through Other Comprehensive Income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Notes to the Financial Statements

15. BORROWINGS*

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Secured				
Deferred payment liabilities :				
Loan from State of Haryana ##	10.89	9.87	-	1.42
Unsecured				
Loans repayable on demand				
From banks (Bank overdraft)@	-	-	4.35	-
	10.89	**9.87**	**4.35**	**1.42**
Amount Included under the head "Other Financial liabilities" (Refer note 16)	-	-	-	(1.42)
Total	**10.89**	**9.87**	**4.35**	**-**

Notes:

The Company is eligible to avail interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April 2010. For the year ended 31st March, 2011, 31st March, 2012 and 31st March, 2013, the Company has already received the interest free loan of ₹ 3.41 crores, ₹ 5.90 crores and ₹ 7.89 crores respectively. Loan received post transition to Ind AS (w.e.f 01.04.2015) are recognised at fair value using prevailing market interest rate for equivalent loan. The difference between the gross proceeds and fair value of the loan is the benefit derived from the interest free loan and is recognised as deferred income (Refer note 19).

This loan is secured by way of a bank guarantee issued by the Company and is repayable after a period of 5 years from the date of receipt of interest free loan. For the year ended 31st March, 2014, 31st March, 2015, 31st March, 2016 and 31st March, 2017, the Company had made the necessary application to the Haryana Government for the issue of eligibility certificate.

@ Overdraft in current account carries interest rate @ 8.60% p.a. (as at 31st March, 2018 it was 8.15% p.a.)

* Default in terms of repayment of principal and interest - NIL.

16. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) **Current maturities of Long-term debt** (Refer note 15)	-	-	-	1.42
(b) **Investor Education and Protection Fund #**				
(i) Unpaid/ Unclaimed dividend	-	-	18.86	14.11
(ii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	-	-	-	0.04
	-	**-**	**18.86**	**14.15**
(c) **Others**				
Retention monies relating to capital expenditure	1.38	0.65	77.22	75.26
Payable towards capital expenditure	-	-	155.23	204.63
Payable towards services received	-	-	301.64	270.04
Payable towards stores, spares and consumables	-	-	8.79	8.24
Payable to employees [including ₹ 5.25 crores due to Managing Director (as at 31st March, 2018 ₹ 4.5 crores)]	-	-	169.64	128.04
Payable towards other expenses (Refer note 40) [including ₹ 3.97 crores due to Non-Executive Directors (as at 31st March, 2018 ₹ 3.90 crores)]	-	-	698.00	506.78
	1.38	**0.65**	**1,410.52**	**1,192.99**
Total	**1.38**	**0.65**	**1,429.38**	**1,208.56**

Investor Education and Protection Fund ('IEPF') - As at 31st March, 2019, there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

Notes to the Financial Statements

17. PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Provision for Employee Benefits (Refer note 39)				
Provision for Compensated absences	113.64	101.97	14.21	14.40
Provision for Gratuity	-	-	13.90	-
Provision for Pension	1.04	1.43	0.30	0.34
Provision for Post retirement medical and other benefits	3.80	3.95	3.23	2.62
	118.48	**107.35**	**31.64**	**17.36**
(b) Others (Refer note 33)				
Provision for Excise	-	-	0.62	0.71
Provision for Central Sales Tax / VAT	-	-	20.01	24.78
	-	**-**	**20.63**	**25.49**
TOTAL	**118.48**	**107.35**	**52.27**	**42.85**

18. INCOME TAXES

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. The major components of income tax expense for the year are as under :		
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax :		
In respect of current year	881.64	968.87
Adjustments in respect of previous year	(2.17)	(0.41)
Deferred tax :		
In respect of current year	160.34	2.57
Income tax expense recognised in the Statement of Profit and Loss	**1,039.81**	**971.03**
(ii) Income tax expense recognised in OCI		
Deferred tax :		
Deferred tax benefit/(expense) on net fair value gain on investments in debt instruments through OCI	0.15	(2.30)
Deferred tax benefit/(expense) on remeasurement of the defined benefit plans	14.17	(4.29)
Income tax benefit/(expense) recognised in OCI	**14.32**	**(6.59)**
B. Reconciliation of tax expense and the accounting profit for the year is as under :		
Profit before tax	3,174.57	2,865.83
Income tax expense calculated at 34.944% (Previous year 34.608%)	1,109.32	991.81
Tax effect on non-deductible expenses	23.57	20.42
Incentive tax credits	(55.66)	(16.05)
Effect of Income which is taxed at special rates	(9.83)	(11.63)
Effect of Income that is exempted from tax	(15.27)	(14.46)
Others	(10.15)	1.35
Total	**1,041.98**	**971.44**
Adjustments in respect of current income tax of previous year	(2.17)	(0.41)
Tax expense as per Statement of Profit and Loss	**1,039.81**	**971.03**

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (Previous year 34.608%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Financial Statements

18. INCOME TAXES (CONTD.)

C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31st March, 2019 (₹ in Crores)

Particulars	Balance Sheet 01.04.2018	Profit and Loss 2018-19	OCI 2018-19	Balance Sheet 31.03.2019
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961.	(298.29)	(153.17)	-	(451.46)
Provision for expense allowed for tax purpose on payment basis (Net)	50.09	(5.48)	-	44.61
Allowance for doubtful debts and advances	0.38	-	-	0.38
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	3.36	(1.73)	-	1.63
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.45)	-	0.15	(0.30)
Remeasurement of the defined benefit plans through OCI	(8.04)	-	14.17	6.13
Difference in carrying value and tax base of investments measured at FVTPL	(17.38)	0.04	-	(17.34)
Deferred tax (expense)/benefit		**(160.34)**	**14.32**	
Net Deferred tax liabilities	**(270.33)**			**(416.35)**

As at 31st March, 2018 (₹ in Crores)

Particulars	Balance Sheet 01.04.2017	Profit and Loss 2017-18	OCI 2017-18	Balance Sheet 31.03.2018
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961.	(295.00)	(3.29)	-	(298.29)
Provision for expense allowed for tax purpose on payment basis (Net)	43.04	7.05	-	50.09
Allowance for doubtful debts and advances	0.38	-	-	0.38
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	5.06	(1.70)	-	3.36
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	1.85	-	(2.30)	(0.45)
Remeasurement of the defined benefit plans through OCI	(3.75)	-	(4.29)	(8.04)
Difference in carrying value and tax base of investments measured at FVTPL	(12.75)	(4.63)	-	(17.38)
Deferred tax (expense)		**(2.57)**	**(6.59)**	
Net Deferred tax liabilities	**(261.17)**			**(270.33)**

The Company does not have any unused tax losses under the Income Tax Act, 1961, for which no deferred tax asset has been recognised in the balance sheet.

19. OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Revenue received in advance				
Advance received from customers	-	-	3.25	6.24
(b) Others				
Statutory dues payable	-	-	114.92	237.69
Deferred income arising from government grant (Refer note 15)	1.52	2.61	1.06	1.06
	1.52	**2.61**	**115.98**	**238.75**
Total	**1.52**	**2.61**	**119.23**	**244.99**

Notes to the Financial Statements

20. TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer note 35)	42.22	34.82
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,020.07	1,816.68
Total	**2,062.29**	**1,851.50**

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 319.29 crores (Previous year ₹ 165.42 crores).

21. CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Provision for Income Tax (net)	48.67	51.06
Total	**48.67**	**51.06**

22A. REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from sale of products (including excise duty)	16,196.87	14,316.13
Revenue from sale of services	12.57	13.04
Other Operating Revenues *	182.34	230.38
Total #	**16,391.78**	**14,559.55**

Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the year ended 31st March, 2019 is not strictly relatable to previous year. The following additional information is being provided to facilitate such understanding:

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from operations (A)	16,391.78	14,559.55
Excise duty on sale (B)	-	405.84
Revenue from operations excluding excise duty on sale (A-B)	**16,391.78**	**14,153.71**

* The Company's manufacturing facility at Khandala, Maharashtra has been granted "Mega Project Status" by Government of Maharashtra (GoM) and hence is eligible for Industrial Promotion Subsidy (IPS) under Package Scheme of Incentive, 2007 in the form of refund of VAT paid to Maharashtra Government, exemption on electricity duty and stamp duty within a period of 9 years from the date of commencement of commercial production, restricted to a maximum of 100% of fixed capital investment as per the Eligibility Certificate issued by Director of Industries, Government of Maharashtra. Based on Memorandum of Understanding and clarifications from GoM, the Company has continued to recognise the incentive computed based on SGST paid to GoM. Further, in terms of the Ind AS 20 - "Accounting for Government Grants and Disclosure of Government Assistance", eligible incentive as mentioned above amounting to ₹133.41 crores (Previous year ₹ 162.36 crores) for year ended 31st March, 2019 is credited to Statement of Profit and Loss and included under the head "Other operating income" on accrual basis.

Notes to the Financial Statements

22B. REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. Revenue from contracts with customers disaggregated based on nature of product or services		
Revenue from sale of products (including excise duty)		
Paints and allied products	15,995.78	14,154.48
Bath Fittings and allied products	201.09	161.65
Revenue from sale of services		
Revenue from home solutions operations	12.48	9.73
Others	0.09	3.31
Other operating revenues		
Processing and service income	34.47	59.21
Scrap sales	14.46	8.81
Other Income (Refer note 23(c)(ii))		
Royalty received		
From subsidiaries and associate	55.48	47.59
From others	0.02	0.08
Total	**16,313.87**	**14,444.86**
B. Revenue from contracts with customers disaggregated based on geography		
Home market	16,191.80	14,332.95
Exports	122.07	111.91
Total	**16,313.87**	**14,444.86**

The Company has recognized revenue of ₹ 5.06 crores (31st March, 2018: ₹ 5.19 crores) from the amounts included under advance received from customers at the beginning of the year.

22C. RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Gross Revenue	18,701.65	16,536.98
Less: Discounts	2,387.78	2,092.12
Net Revenue recognised from Contracts with Customers	**16,313.87**	**14,444.86**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 days. There is no significant financing component in any transaction with the customers.

The Company provides agreed upon performance warranty for selected range of products. The amount of liability towards such warranty is immaterial.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Notes to the Financial Statements

23. OTHER INCOME

(₹ in Crores)

	Year 2018-19	Year 2017-18
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	5.84	5.80
Other Financial assets carried at amortised cost	18.65	19.74
	24.49	**25.54**
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	5.36	5.29
Dividends from subsidiary companies (Refer note 42)	7.11	6.10
Dividends from mutual fund investments measured at FVTPL	33.13	31.27
	45.60	**42.66**
(c) Other non-operating income		
(i) Insurance claims received	0.34	0.46
(ii) Royalty received		
- From subsidiaries and associate	55.48	47.59
- From others	0.02	0.08
	55.50	**47.67**
(iii) Net gain arising on financial assets measured at FVTPL#	52.76	54.33
(iv) Others	86.21	66.83
	194.81	**169.29**
(d) Other gains and losses		
Net foreign exchange gain	-	40.01
Net gain on sale of property, plant and equipment	13.91	-
	13.91	**40.01**
Total	**278.81**	**277.50**

* Relates to investments held at the end of reporting period

\# Includes gain on sale of financial assets measured at FVTPL for ₹ 10.29 crores (Previous year ₹ 10.48 crores).

Notes to the Financial Statements

24(A). COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2018-19	Year 2017-18
Raw Materials Consumed		
Opening Stock	728.16	597.94
Add : Purchases	7,420.33	6,041.21
	8,148.49	**6,639.15**
Less: Closing Stock	870.28	728.16
	7,278.21	**5,910.99**
Packing Materials Consumed		
Opening Stock	39.59	36.32
Add : Purchases	1,368.35	1,192.44
	1,407.94	**1,228.76**
Less : Closing Stock	38.33	39.59
	1,369.61	**1,189.17**
Total Cost of Materials Consumed	**8,647.82**	**7,100.16**
24(B). PURCHASES OF STOCK-IN-TRADE	**1,010.66**	**742.57**

24(C). CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK- IN-PROGRESS

	Year 2018-19	Year 2017-18
Stock at the beginning of the year		
Finished Goods (including goods-in-transit)	1,019.08	1,233.30
Work-in-Progress	95.60	74.80
Stock-in-Trade- acquired for trading (including goods-in-transit)	224.68	185.38
Total	**1,339.36**	**1,493.48**
Stock at the end of the year		
Finished Goods (including goods-in-transit)	1,219.38	1,019.08
Work-in-Progress	105.72	95.60
Stock-in-Trade- acquired for trading (including goods-in-transit)	262.12	224.68
Total	**1,587.22**	**1,339.36**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	**(247.86)**	**154.12**

25. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Salaries and wages	782.60	679.24
Contribution to provident and other funds (Refer note 39)	46.61	48.07
Staff welfare expenses	73.58	63.77
Total	**902.79**	**791.08**

Notes to the Financial Statements

26. OTHER EXPENSES

(₹ in Crores)

	Year 2018-19	Year 2017-18
Consumption of stores, spares and consumables	47.77	42.93
Power and fuel	88.60	81.57
Processing charges	117.02	102.79
Repairs and maintenance:		
Buildings	17.66	21.60
Machinery	27.82	22.33
Other assets	33.00	52.72
	78.48	**96.65**
Rent (Refer note 38)	235.18	219.56
Rates and taxes	6.84	22.31
Water charges	4.54	3.93
Insurance	5.71	6.86
Printing, stationery and communication expenses	42.18	44.89
Travelling expenses	95.53	81.08
Donations	0.12	0.56
Corporate social responsibility expenses (Refer note 44)	52.70	46.51
Commission to Non Executive Directors	3.97	3.90
Directors' sitting fees	0.68	0.71
Payment to auditors (Refer note 34)	1.59	1.49
Electricity expenses	10.76	10.05
Bank charges	2.13	2.76
Net loss on foreign currency transaction	1.40	-
Information technology expenses	57.84	54.52
Legal and professional expenses	36.45	34.94
Training and recruitment	33.85	36.73
Freight and handling charges	1,036.19	892.51
Advertisement expenses	695.40	558.24
Bad debts written off	2.53	3.85
Allowance for doubtful debts and advances (net)	4.43	4.84
Security expenses	30.70	30.35
Loss on sale of Assets (Net)	-	2.91
Miscellaneous expenses	77.83	71.99
Total	**2,770.42**	**2,459.43**

27. FINANCE COSTS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	0.08	0.06
(b) Interest on bill discounting	23.82	17.51
(c) Interest on loan from State of Haryana	1.03	0.91
(d) Other Interest expense	1.97	1.08
Total interest expense for financial liabilities carried at amortised cost	**26.90**	**19.56**
Interest on income tax	3.11	1.50
Total	**30.01**	**21.06**

28. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Depreciation of Property, Plant and Equipment (Refer note 2)	354.57	283.23
Amortisation of Intangible assets (Refer note 3B)	27.61	27.88
Total	**382.18**	**311.11**

Notes to the Financial Statements

29(A). CATERGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

Financial assets/ financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)D & 4(II)	451.72	190.07	1,146.63	1,030.01
Investments in unquoted equity shares	4(I)(A)(a)(iii)	1.07	1.07	-	-
Forward exchange contract (net)	6	-	-	0.01	-
		452.79	**191.14**	**1,146.64**	**1,030.01**
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares#	4(I)(A)(b)	454.72	445.37	-	-
Investments in quoted debentures or bonds	4(I)C	79.51	80.47	-	-
		534.23	**525.84**	**-**	**-**
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)(B)	*	*	-	-
Sundry deposits	5	76.00	79.08	12.32	12.17
Loan to related party	5	-	-	1.66	-
Royalty receivable	6	-	-	48.47	41.40
Due from subsidiary companies	6	-	-	14.40	14.11
Due from associate company	6	-	-	5.21	4.97
Subsidy receivable from state government	6	220.64	87.79	154.54	239.42
Term deposits held as margin money against bank guarantee and other commitments	6	0.06	0.06	-	-
Bank deposits with more than 12 months original maturity	6	-	56.90	163.90	166.05
Interest accrued on investments in debentures or bonds measured at FVTOCI	6	-	-	3.62	3.38
Quantity discount receivable	6	-	-	177.48	157.90
Trade receivables	10	-	-	1,244.95	1,138.20
Cash and Cash Equivalents	11A	-	-	98.33	106.70
Other Bank Balances	11B	-	-	69.19	14.14
		296.70	**223.83**	**1,994.07**	**1,898.44**
Financial liabilities measured at amortised cost					
Loan from State of Haryana	15	10.89	9.87	-	1.42
Loans repayable on demand - Bank overdraft	15	-	-	4.35	-
Unpaid/Unclaimed dividend	16	-	-	18.86	14.11
Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	16	-	-	-	0.04
Retention monies relating to capital expenditure	16	1.38	0.65	77.22	75.26
Payable towards capital expenditure	16	-	-	155.23	204.63
Payable towards services received	16	-	-	301.64	270.04
Payable towards stores, spares and consumables	16	-	-	8.79	8.24
Payable to employees	16	-	-	169.64	128.04
Payable towards other expenses	16	-	-	698.00	506.78
Trade payables (including Acceptances)	20	-	-	2,062.29	1,851.50
		12.27	**10.52**	**3,496.02**	**3,060.06**

Investments in these equity instruments are not held for trading. Upon the application of Ind AS 109 - Financial Instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these investments in the Statement of Profit and Loss may not be indicative of the performance of the Company.

* ₹ 39,500/-

29(B). FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

As at 31st March, 2019 (₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income (FVTOCI)				
Investments in quoted equity shares (Refer note 4(I)(A)(b))	454.72	454.72	-	-
Investments in quoted debentures or bonds (Refer note 4(I)C)	79.51	79.51	-	-
Financial assets measured at fair value through profit or loss (FVTPL)				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II))	1,598.35	1,598.35	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(a)(iii))	1.07	-	-	1.07
Forward exchange contract (net) (Refer note 6)	0.01	0.01	-	-

As at 31st March, 2018 (₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2018	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income (FVTOCI)				
Investments in quoted equity shares (Refer note 4(I)(A)(b))	445.37	445.37	-	-
Investments in quoted debentures or bonds (Refer note 4(I)C)	80.47	80.47	-	-
Financial assets measured at fair value through profit or loss (FVTPL)				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II))	1,220.08	1,220.08	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(a)(iii))	1.07	-	-	1.07

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Notes to the Financial Statements

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Company formulated by the Risk Management Committee and approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analyses have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company enters into forward exchange contracts with average maturity of less than one month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments. The Company's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in Crores)

Currency	Liabilities		Assets	
	As at 31.03.2019	**As at 31.03.2018**	**As at 31.03.2019**	**As at 31.03.2018**
USD	468.50	435.42	121.00	135.89
EUR	92.90	78.65	9.20	106.88
SGD	0.33	0.74	0.02	0.86
GBP	7.54	6.64	3.44	3.20
SEK	0.08	0.05	-	-
JPY	14.18	-	-	3.52
Others	0.79	0.38	9.39	0.42
	584.32	521.88	**143.05**	250.77

The above table represents total exposure of the Company towards foreign exchange denominated liabilities (net). The details of exposures hedged using forward exchange contracts are given as a part of Note 36(a) and the details of unhedged exposures are given as part of Note 36(b).

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in Crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2018-19	**Year 2017-18**	**As at 31.03.2019**	**As at 31.03.2018**
+ 5%	(11.68)	(9.90)	(11.68)	(9.90)
- 5%	11.68	9.90	11.68	9.90

Notes to the Financial Statements

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2019, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 454.72 crores (Previous year ₹ 445.37 crores). The details of such investments in equity instruments are given in Note 4 (I)(A)(b).

The Company is also exposed to price risk arising from investments in bonds recognised at FVTOCI. As at 31st March, 2019, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 79.51 crores (Previous year ₹ 80.47 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 4 (I)(C).

The Company is mainly exposed to change in market rates of its investments in equity investments recognised at FVTOCI. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below: If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2019, Other Comprehensive Income for the year ended 31st March, 2019 would increase by ₹ 40.18 crores (2017-18 ₹ 41.27 crores) and decrease by ₹ 45.47 crores (2017-18 ₹ 44.54 crores) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2019. 10% represents management's assessment of reasonably possible change in equity prices.

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. The Company's exposure to credit risk is disclosed in note 4 (except equity shares and bonds), 5, 6, 10 and 11B. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

The average credit period on sales of products is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows:

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

(₹ in Crores)

Movement in expected credit loss allowance on trade receivables	31.03.2019	31.03.2018
Balance at the beginning of the year	15.42	12.63
Loss allowance measured at lifetime expected credit losses	5.52	2.79
Balance at the end of the year	**20.94**	**15.42**

Notes to the Financial Statements

3) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Crores)

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
At 31st March, 2019					
Borrowings (Refer note 15)	4.35	13.80	-	18.15	15.24
Trade Payables (Refer note 20)	2,062.29	-	-	2,062.29	2,062.29
Other financial liabilities (Refer note 16)	1,429.38	1.38	-	1,430.76	1,430.76
At 31st March, 2018					
Borrowings (Refer note 15)	-	13.80	-	13.80	9.87
Trade Payables (Refer note 20)	1,851.50	-	-	1,851.50	1,851.50
Other financial liabilities (Refer note 16)	1,208.56	0.65	-	1,209.21	1,209.21

29(D). CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2019, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

30. DIVIDEND

(₹ in Crores)

	Year 2018-19	Year 2017-18
Dividend on equity shares paid during the year		
Final dividend for the FY 2017-18 [₹ 6.05 (Previous year ₹ 7.65*) per equity share of ₹ 1 each]	580.31	733.79
Dividend distribution tax on final dividend	118.80	147.89
Interim dividend for the FY 2018-19 [₹ 2.85 (Previous year ₹ 2.65) per equity share of ₹ 1 each]	273.37	254.19
Dividend distribution tax on interim dividend	54.70	51.55
	1,027.18	**1,187.42**

Proposed Dividend:

The Board of Directors at its meeting held on 09th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and paise sixty five only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2019. The same amounts to ₹ 884.62 crores including dividend distribution tax of ₹ 150.83 crores.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

* Includes special dividend of ₹ 2 per share declared on occasion of completion of 75 years of Company.

31. CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent Liabilities

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
1. Letters of comfort issued to banks on behalf of one of its indirect subsidiary	6.40	6.76
2. Claims against the Company not acknowledged as debts		
(i) Tax matters in dispute under appeal	161.23	179.04
(ii) Others	31.33	26.46

b. Commitments

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
(i) Towards Property, Plant and Equipment	105.60	740.20
(ii) Towards Intangible Assets	3.47	18.96
	109.07	**759.16**
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31st March, 2019. [Pertaining to capital goods - Nil as at 31st March, 19 (₹ 78.62 crores as at 31st March, 18)	75.20	137.08
3. For Lease commitments, Refer note 38B(b)		
4. For derivative contract related commitments, Refer note 36(a)		

32. EXPENDITURE ON RESEARCH AND DEVELOPMENT

a. Revenue Expenditure

(₹ in Crores)

	2018-2019	2017-2018
Employee Cost	51.67	47.11
Depreciation on Equipment and Building	11.16	6.84
Travelling Expenditure	1.74	1.62
Testing and Laboratory Expenditure	1.12	1.28
Power and Fuel	3.65	3.10
Stores and Spares	0.61	0.77
Repairs and Maintenance	2.12	1.66
Materials Consumed	0.56	0.51
Others	14.63	13.33
Total	**87.26**	**76.22**

An amount of ₹ 2.17 crores (Previous Year ₹ 1.66 crores) has been recovered from the Company's associate towards Research and Development activity carried out on their behalf.

b. Capital Expenditure

(₹ in Crores)

	2018-2019	2017-2018
- For Turbhe Research and Development facility	4.26	41.70
- For Cochin Research and Development facility (Land & civil work)	-	0.07
Total	**4.26**	**41.77**

Notes to the Financial Statements

33. Pursuant to the Ind AS-37 - 'Provisions, Contingent Liabilities and Contingent Assets', the disclosure relating to provisions made in the accounts for the year ended 31st March, 2019 is as follows:

(₹ in Crores)

	Provision for Excise *		Provision for Sales tax **	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening Balance	0.71	0.58	24.78	21.65
Additions	-	0.13	5.13	5.42
Utilizations	-	-	-	-
Reversals	(0.09)	-	(9.90)	(2.29)
Closing Balance	**0.62**	**0.71**	**20.01**	**24.78**

These provisions represent estimates made mainly for probable claims arising out of litigations/disputes pending with authorities under various statutes (Excise duty, Sales tax). The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

* Excise provisions made towards matters disputed at various appellate levels.

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

34. PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX AND GST)

(₹ in Crores)

	2018-2019	2017-2018
Statutory audit fee	1.08	0.94
Taxation Matters	0.12	0.17
Certification fees and other services	0.30	0.23
For reimbursement of expenses	0.09	0.15
Total	**1.59**	**1.49**

35. Disclosure Under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2018-19, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprise	42.22	34.82
	Interest due on above	-	-
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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

Notes to the Financial Statements

36. DETAILS OF HEDGED AND UNHEDGED EXPOSURE IN FOREIGN CURRENCY DENOMINATED MONETARY ITEMS

a. Exposure in foreign currency - Hedged

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 forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2019	25.00	19.61	135.84
Forward contract to buy USD - As at 31.03.2018	-	-	-

b. Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2019 are as under:

Currency	Payable (In millions FC)		Receivable (In millions FC)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
USD	48.10	66.80	17.50	20.85
EUR	11.97	9.77	1.19	13.28
SGD	0.07	0.15	-	0.17
GBP	0.83	0.72	0.38	0.35
SEK	0.11	0.07	-	-
JPY	226.41	-	-	57.48
Others	0.32	0.06	1.76	0.06

Currency	Payable (₹ in Crores)		Receivable (₹ in Crores)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
USD	332.66	435.42	121.00	135.89
EUR	92.90	78.65	9.20	106.88
SGD	0.33	0.74	0.02	0.86
GBP	7.54	6.64	3.44	3.20
SEK	0.08	0.05	-	-
JPY	14.18	-	-	3.52
Others	0.79	0.38	9.39	0.42
Total	**448.48**	**521.88**	**143.05**	**250.77**

Notes to the Financial Statements

37(A). DISCLOSURE AS PER REGULATION 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

(₹ in Crores)

Name of the party	Relationship	Amount outstanding as at 31.03.2019	Amount outstanding as at 31.03.2018	Maximum balance outstanding during the year 31.03.2019	Maximum balance outstanding during the year 31.03.2018
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary Company	1.66	-	1.66	-

The above loan was given to the subsidiary for its business activities (Refer Note 42).

37(B). DISCLOSURE AS PER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 4(I)(A)(a)(i) and 4(I)(A)(a)(ii).

(ii) Details of loans given by the Company are as follows:

(₹ in Crores)

Name of the party	Relationship	Amount as at 31.03.2019	Amount as at 31.03.2018
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary company	1.66	-

(iii) There are no guarantees issued by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder.

38. PURSUANT TO IND AS-17 - 'LEASES', THE FOLLOWING INFORMATION IS DISCLOSED

A. Assets given on operating lease

The Company does not have any assets given on operating lease during the reporting period.

B. Assets taken on operating lease

a) The Company has taken certain assets such as Vehicles, Computers, Information Technology hardware and Office space on operating lease. The lease rentals are payable by the Company on a monthly or quarterly basis.

b) Future minimum lease rentals payable under non-cancellable lease agreements are as under :

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
(i) Not later than one year	23.27	20.28
(ii) Later than one year and not later than five years	44.61	25.53
(ii) Later than five years	12.26	14.38
Total	**80.14**	**60.19**

c) Lease payments recognised in the Statement of Profit and Loss for the year is ₹ 235.18 crores (Previous year ₹ 219.56 crores).

39. EMPLOYEE BENEFITS

1) Post-employment benefits :

The company has the following post-employment benefit plans:

a) Defined benefit gratuity plan (Funded)

The company has defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund. It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

Each year, the Board of Trustees and the Company review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of sovereign debt instruments, debt instruments of Corporates and equity instruments. The Company aims to keep annual contributions relatively stable at a level such that no significant plan deficits (based on valuation performed) will arise.

Every two years an Asset-Liability-Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability-Mismatch. There has been no change in the process used by the Company to manage its risks from prior periods.

As the plan assets include significant investments in quoted debt and equity instruments, the Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Fair value of the Company's own transferable financial instruments held as plan assets: NIL

b) Defined benefit pension plan (Unfunded)

The company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

c) Defined benefit post-retirement medical benefit plan (Unfunded)

The company operates a defined post retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

Aforesaid post-employment benefit plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	These Plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March, 2019 by Mr. Saket Singhal, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

Notes to the Financial Statements

39. EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits : (Contd.)

c) Defined benefit post-retirement medical benefit plan (Unfunded) (Contd.)

The following tables summarise the components of defined benefit expense recognised in the statement of profit or loss/ OCI and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(i)	**Opening defined benefit obligation**	**158.08**	**154.74**	**1.76**	**1.90**	**1.52**	**1.42**
(ii)	Current service cost	11.56	11.94	-	-	0.07	0.06
(iii)	Interest cost	12.26	11.27	0.27	0.24	0.12	0.10
(iv)	Past Service Cost	1.81	4.18	-	-	-	-
(v)	**Sub-total included in statement of profit and loss(ii+iii+iv)**	**25.63**	**27.39**	**0.27**	**0.24**	**0.19**	**0.16**
(vi)	Actuarial loss/(gain) from changes in financial assumptions	5.61	(7.45)	0.02	(0.05)	0.04	(0.11)
(vii)	Actuarial (gain)/loss from changes in demographic assumptions	(0.14)	(3.27)	-	-	-	0.01
(viii)	Experience adjustment	1.14	(2.99)	(0.38)	0.05	(0.11)	0.10
(ix)	**Sub-total included in other comprehensive income(vi+vii+viii)**	**6.61**	**(13.71)**	**(0.36)**	**-**	**(0.07)**	**-**
(x)	Benefits paid	(20.04)	(10.34)	(0.33)	(0.38)	(0.05)	(0.06)
(xi)	**Closing defined benefit obligation(i+v+ix+x)**	**170.28**	**158.08**	**1.34**	**1.76**	**1.59**	**1.52**
(xii)	**Opening fair value of plan assets**	**162.76**	**162.96**	**-**	**-**	**-**	**-**
(xiii)	Expected return on plan assets	12.71	11.56	-	-	-	-
(xiv)	**Sub-total included in statement of profit and loss(xiii)**	**12.71**	**11.56**	**-**	**-**	**-**	**-**
(xv)	Actuarial (loss)	(6.05)	(1.42)	-	-	-	-
(xvi)	**Sub-total included in other comprehensive income(xv)**	**(6.05)**	**(1.42)**	**-**	**-**	**-**	**-**
(xvii)	Contributions by employer	7.00	-	-	-	-	-
(xviii)	Benefits paid	(20.04)	(10.34)	-	-	-	-
(xix)	**Closing fair value of plan assets(xii+xiv+xvi+xvii+xviii)**	**156.38**	**162.76**	**-**	**-**	**-**	**-**
(xx)	**Net (Asset)/ Liability (xi-xix)**	**13.90**	**(4.68)**	**1.34**	**1.76**	**1.59**	**1.52**
	Expense recognised in:						
(xxi)	**Statement of profit and loss(v-xiv)**	**12.92**	**15.83**	**0.27**	**0.24**	**0.19**	**0.16**
(xxii)	**Statement of other comprehensive income(ix-xv)**	**12.66**	**(12.29)**	**(0.36)**	**-**	**(0.07)**	**-**

The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in Crores)

Particulars	Gratuity (Funded Plan) As at 31.03.2019	Gratuity (Funded Plan) As at 31.03.2018
Government of India securities (Central and State)	92.26	89.21
High quality corporate bonds (including Public Sector Bonds)	55.60	64.51
Equity shares, Equity mutual funds and ETF	5.31	4.76
Cash (including liquid mutual funds)	0.44	0.02
Others	2.77	4.27

39. EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits : (Contd.)

c) Defined benefit post-retirement medical benefit plan (Unfunded) (Contd.)

The principal assumptions used in determining gratuity, pension and post-retirement medical benefit obligations for the Company's plans are shown below:

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Discount Rate	7.57%	7.81%	7.57%	7.81%	7.57%	7.81%
Salary Escalation Rate	All Grades- 9% for first 3 years 8% thereafter	All Grades- 9% for first 2 years 8% thereafter	-	-	-	-

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Defined Benefit Obligation - Discount Rate + 100 basis points	(12.32)	(11.44)	(0.06)	(0.09)	(0.22)	(0.21)
Defined Benefit Obligation - Discount Rate - 100 basis points	13.08	12.14	0.07	0.09	0.23	0.22
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	11.95	11.13	-	-	-	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(11.39)	(10.89)	-	-	-	-

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.24 years. (Previous year 10.57 years)

The Company expects to make a contribution of ₹ 26.37 crores (Previous year ₹ 6.88 crores) to the defined benefit plans during the next financial years.

d) Provident Fund

The Provident Fund assets and liabilities are managed by 'Asian Paints Office Provident Fund' and 'Asian Paints Factory Employees Provident Fund' in line with The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2019.

The Company contributed ₹ 13.45 crores (Previous Year ₹ 12.82 crores) towards Asian Paints Office Provident Fund during the year ended 31st March, 2019. The Company contributed ₹ 7.58 crores (Previous Year ₹ 6.89 crores) towards Asian Paints Factory Employees Provident Fund during the year ended 31st March, 2019.

Notes to the Financial Statements

39. EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits : (Contd.)

d) Provident Fund (Contd.)

The details of the Asian Paints Office Provident Fund and plan assets position as at 31st March, 2019 is given below:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at period end	289.36	260.14
Plan assets at period end, at fair value, restricted to	289.36	260.14
Asset recognized in balance sheet	-	-

The details of the Asian Paints Factory Employees Provident Fund and plan assets position as at 31st March, 2019 are given below:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at period end	224.58	201.67
Plan assets at period end, at fair value, restricted to	224.58	201.67
Asset recognized in balance sheet	-	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

	As at 31.03.2019	As at 31.03.2018
Discounting Rate	7.57%	7.81%
Expected Guaranteed interest rate	8.65%*	8.55%

*Rate mandated by EPFO for the FY 2018-19 and the same is used for valuation purpose.

2) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2019 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 11.48 crores. (Previous Year- decreased by ₹1.02 crores)

(a) Financial Assumptions

	As at 31.03.2019	As at 31.03.2018
Discount Rate	7.57%	7.81%
Basic salary increases allowing for Price inflation	All Grades- 9% for first 3 years 8% thereafter	All Grades- 9% for first 2 years 8% thereafter

(b) Demographic Assumptions

	As at 31.03.2019	As at 31.03.2018
Mortality	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs -1.80%	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs -1.80%
Leave Availment Ratio	5%	5%

Notes to the Financial Statements

40. The Company has charged ₹ 34.00 crores, being the change in remeasurement of the defined benefit plans, in Other comprehensive income during the year end 31st March, 2019 due to impairment in the value of investments made in securities of IL&FS limited and IL&FS Financial Services Limited by the trusts' managing the defined benefit plans of the Company.

41. EARNINGS PER SHARE

		2018-2019	2017-2018
a)	Basic and diluted earnings per share in rupees (face value – ₹1 per share)* (In ₹)	22.26	19.75
b)	Profit after tax as per Statement of Profit and Loss (₹ in crores)	2,134.76	1,894.80
c)	Weighted average number of equity shares outstanding during the year	959,197,790	959,197,790

* Earning per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019.

a) Associates :

PPG Asian Paints Private Limited

Wholly owned subsidiaries of PPG Asian Paints Private Limited:

a) Revocoat India Private Limited

b) PPG Asian Paints Lanka Private Limited

b) Subsidiaries : (where control exists)

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2019	% of Holding as at 31.03.2018
Asian Paints (Nepal) Private Limited	Nepal	51.00	51.00
Asian Paints Industrial Coatings Limited	India	100.00	100.00
Asian Paints International Private Limited	Singapore	100.00	100.00
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited	India	100.00	100.00
Maxbhumi Developers Limited	India	100.00	100.00
Sleek International Private Limited	India	100.00	100.00
Asian Paints PPG Private Limited	India	50.00	50.00

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

Indirect Subsidiaries:

i) Subsidiaries of Asian Paints International Private Limited, Singapore

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2019	% of Holding as at 31.03.2018
Berger Paints Singapore Pte Limited	Singapore	100.00	100.00
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00
PT Asian Paints Indonesia	Indonesia	100.00	100.00
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00	100.00
Asian Paints (South Pacific) Limited	Fiji Islands	54.07	54.07
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00
Asian Paints (Bangladesh) Limited	Bangladesh	89.78	89.78
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00	49.00
SCIB Chemicals S.A.E.	Egypt	60.00	60.00
Samoa Paints Limited	Samoa	80.00	80.00
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00	60.00
Asian Paints (Lanka) Limited	Sri Lanka	99.18	99.18
Causeway Paints Lanka (Pvt) Ltd	Sri Lanka	100.00	100.00

ii) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2019	% of Holding as at 31.03.2018
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00

iii) Subsidiary of Nirvana Investments Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2019	% of Holding as at 31.03.2018
Berger Paints Emirates LLC	U.A.E.	100.00	100.00

iv) Subsidiary of Universal Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2019	% of Holding as at 31.03.2018
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00

c) Key Managerial Personnel:

Name	Designation
Shri K. B. S. Anand	Managing Director & CEO
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs

Non-Executive Directors	
Late Shri. Ashwin Choksi (upto 19th September 2018)	Shri. Mahendra Shah (upto 31st March, 2019)
Shri. Ashwin Dani	Shri. S. Ramadorai (upto 31st March, 2019)
Shri. Abhay Vakil	Shri. M. K. Sharma
Shri. Mahendra Choksi (upto 31st March, 2019)	Mrs. Vibha Paul Rishi
Shri. Malav Dani	Shri. R Seshasayee
Ms. Amrita Vakil	
Shri. Manish Choksi (w.e.f. 22nd October, 2018)	
Shri. Deepak Satwalekar	
Dr. S. Sivaram	

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

d) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri. Manish Choksi*

Shri. Varun Vakil

* The Board of Directors of the Company at their meeting held on 22nd October, 2018 approved the appointment of Mr. Manish Choksi as a Non-Executive Director, effective immediately. In view of this, Mr. Manish Choksi has stepped down as the President - International, IT, HR and Chemicals.

e) Entities where Directors/Close family members of Directors having control/significant influence:

Asteroids Trading And Investments Pvt Ltd	Hitech Corporation Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
Addverb Technologies Pvt Ltd *	Hitech Specialities Solutions Ltd.	Resins And Plastics Ltd.
ARI Designs LLP	Jalaj Trading And Investment Company Pvt. Ltd.	Ricinash Oil Mill Ltd.
Castle Investment & Industries Pvt. Ltd.	Jaldhar Investments And Trading Company Pvt. Ltd	Rupen Investment And Industries Pvt. Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Parekh Plast India Ltd.	Satyadharma Investments And Trading Company Pvt Ltd.
Dani Charitable Foundation	Lambodar Investments And Trading Company Ltd.	Sattva Holding and Trading Pvt. Ltd.
Dani Finlease Ltd.	Lyon Investment And Industries Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Doli Trading And Investments Pvt. Ltd.	Murahar Investments And Trading Company Ltd.	Sudhanva Investments And Trading Company Pvt.Ltd.
Elcid Investments Ltd.	Navbharat Packaging Industries Ltd.	Suptaswar Investments And Trading Company Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Nehal Trading And Investments Pvt. Ltd.	Tru Trading And Investments Pvt. Ltd.
Geetanjali Trading And Investments Pvt. Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Unnati Trading And Investments Pvt. Ltd.
Gujarat Organics Ltd.	Piramal Swasthya Management and Research Institute ^	Vikatmev Containers Ltd.
Hiren Holdings Pvt. Ltd.	Pragati Chemicals Ltd.	

* w.e.f. 12th February 2018

^ w.e.f. 28th March 2018

f) Other entities where significant influence exist :

i) Post employment-benefit plan entity:

Asian Paints (India) Limited Employees' Gratuity Fund

ii) Others :

Asian Paints Office Provident Fund (Employee benefit plan)

Asian Paints Factory Employees' Provident Fund (Employee benefit plan)

Asian Paints Management Cadres' Superannuation Scheme (Employee benefit plan)

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

g) Details of related party transactions during the year ended 31st March, 2019:

(₹ in Crores)

	Associates		Subsidiaries		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other Entities where significant influence exist	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue from sale of products	18.09	15.27	44.70	44.63	-	-	-	-	0.28	0.14	-	-
Processing of goods (Income)	19.47	23.43	20.71	17.36	-	-	-	-	-	-	-	-
Interest Income	-	-	0.06	-	-	-	-	-	-	-	-	-
Royalty Income	3.78	3.94	53.16	45.08	-	-	-	-	-	-	-	-
Other non operating income	11.28	10.99	15.67	16.12	-	-	-	-	-	-	-	-
Sitting Fees Received (from subsidiaries for nominee directors)	-	-	0.57	0.55	-	-	-	-	-	-	-	-
Other services – paid	-	-	1.97	0.33	-	-	-	-	0.03	0.04	-	-
Reimbursement of Expenses - received	0.33	0.24	19.42	16.66	-	-	-	-	-	-	-	-
Dividend received	-	-	7.11	6.10	-	-	-	-	-	-	-	-
Purchase of goods	0.03	0.02	4.02	0.95	-	-	-	-	537.55	426.58	-	-
Purchase of assets	-	-	-	-	-	-	-	-	3.73	0.44	-	-
Remuneration	-	-	-	-	16.91	14.43	3.25	4.49	-	-	-	-
Retiral benefits	-	-	-	-	0.18	0.21	3.50	2.32	-	-	-	-
Commission to Non-executive Directors	-	-	-	-	3.97	3.90	-	-	-	-	-	-
Sitting Fees Paid to Non-executive Directors	-	-	-	-	0.68	0.71	-	-	-	-	-	-
Reimbursement of Expenses - paid	-	1.73	1.62	1.45	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	35.75	40.59	54.91	64.68	360.02	416.30	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	-	-	96.06	57.58
Investment made	-	-	-	-	-	-	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	-	-	-	0.88	-	-
Loan given	-	-	1.65	-	-	-	-	-	-	-	-	-
Sale of assets	0.27	-	-	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Expenses	-	-	-	-	-	-	-	-	3.17	-	-	-
Outstanding as at 31st March												
Advances	-	-	-	-	-	-	-	-	-	0.73	-	-
Loan given	-	-	1.66	-	-	-	-	-	-	-	-	-
Trade and other receivables	8.87	8.06	75.17	66.90	-	-	-	-	#	#	-	-
Trade and other payables	0.01	0.02	2.42	1.94	9.22	8.40	-	-	6.20	24.58	29.14	5.09

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors- Current year - ₹ 37,858/- (Previous year ₹ 20,827/-)

Note: The Company has issued letters of comfort to banks on behalf of some of its operating subsidiaries from time to time and the financial support based on such letters is limited to ₹ 6.40 crores (Previous year ₹ 6.76 crores) as on 31st March, 2019.

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

Terms and conditions of transactions with related parties

1. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

2. Trade and other receivables are unsecured, interest free and will be settled in cash. During the year ended 31st March, 2019, the Company has recorded an amount of ₹ 0.20 crores from Asian Paints (Bangladesh) Ltd (Previous year ₹ 1.17 crores) and Nil from Asian Paints (Nepal) Private Ltd. (Previous year ₹ 0.51 crores) as provision for doubtful debts on account of receivables. As at 31st March, 2019, the provision for doubtful receivables is ₹ 1.00 crores for Asian Paints (Bangladesh) Ltd (Previous year ₹ 1.69 crores) and Nil for Asian Paints (Nepal) Private Ltd (Previous year ₹ 0.64 crores).

   During the year ended 31st March, 2019, the Company has received ₹ 0.89 crores from Asian Paints (Bangladesh) Ltd towards doubtful receivables and the company has written off ₹ 0.64 crores towards doubtful receivables from Asian Paints (Nepal) Private Ltd.

   The above mentioned assessment is undertaken each financial year through examining the financial position of related parties, the market in which related party operate and the accounting policy of the Company.

3. During the year ended 31st March, 2019, the Company has provided a loan ₹ 1.65 crores to its wholly owned subsidiary, Reno Chemicals Pharmaceuticals & Cosmetics Private Limited for its business activities. The loan is unsecured and repayable within period of one year. The interest rate is in line with the prevailing yield of one year government security and the same is quarterly revised.

Compensation of key managerial personnel of the Company:

(₹ in Crores)

	2018-19	2017-18
Short-term employee benefits	21.56	19.04
Post-employment benefits	0.18	0.21
Total compensation paid to key managerial personnel	**21.74**	**19.25**

Disclosure in respect of significant transactions of the same type with related parties during the year:

(₹ in Crores)

	2018-19	2017-18
Revenue from sale of products		
PPG Asian Paints Private Limited	18.09	15.27
Asian Paints (Nepal) Private Limited	10.39	19.97
Asian Paints PPG Private Limited	9.18	5.81
Kadisco Paint and Adhesive Industry Share	7.47	-
Asian Paints (Bangladesh) Limited	6.31	10.08
Others	11.63	8.91
	63.07	**60.04**
Processing of Goods (Income)		
PPG Asian Paints Private Limited	19.47	23.43
Asian Paints PPG Private Limited	20.71	17.36
	40.18	**40.79**
Interest Income		
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited	0.06	-
	0.06	**-**
Royalty Income		
SCIB Chemicals S.A.E., Egypt	10.10	9.39
Asian Paints PPG Private Limited	8.97	7.22
Asian Paints (Bangladesh) Limited	8.84	8.45
Asian Paints (Nepal) Private Limited	6.86	5.26
Asian Paints International Private Limited	6.14	4.57
Others	16.03	14.13
	56.94	**49.02**

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

Disclosure in respect of significant transactions of the same type with related parties during the year: (Contd.)

(₹ in Crores)

	2018-19	2017-18
Other non operating income		
PPG Asian Paints Private Limited	11.11	10.84
Asian Paints PPG Private Limited	6.46	6.56
Asian Paints International Private Limited	4.23	2.58
Sleek International Private Limited	3.24	4.52
Others	1.91	2.62
	26.95	**27.12**
Sitting Fees Received (from subsidiaries for nominee directors)		
Asian Paints International Private Limited	0.57	0.55
	0.57	**0.55**
Other Services Paid		
Asian Paints International Private Limited	1.25	0.33
SCIB Chemicals S.A.E., Egypt	0.29	-
Berger Paints Emirates LLC	0.25	-
ARI Designs LLP	0.03	0.04
Others	0.18	-
	2.00	**0.37**
Reimbursement of Expenses – Received		
Sleek International Private Limited	8.59	4.15
Asian Paints PPG Private Limited	4.13	5.16
Asian Paints International Private Limited	3.13	2.12
Others	3.90	5.47
	19.75	**16.90**
Dividend Received		
Asian Paints (Nepal) Private Limited	7.11	6.10
	7.11	**6.10**
Purchase of Goods		
Hitech Corporation Limited	341.91	266.69
Parekhplast India Limited	122.90	109.90
Others	76.79	50.96
	541.60	**427.55**
Purchase of Assets		
Addverb Technologies Pvt. Ltd.	3.73	0.44
	3.73	**0.44**
Remuneration		
Shri. K.B.S. Anand	11.81	10.57
Shri. Jayesh Merchant	5.10	3.85
Shri. Manish Choksi	2.80	3.48
Shri. Jalaj Dani	-	0.60
Others	0.45	0.42
	20.16	**18.92**
Retiral Benefits		
Shri. Manish Choksi	3.50	-
Shri. Jalaj Dani	-	2.32
Late Shri. Ashwin Choksi	0.03	0.07
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.08	0.07
	3.68	**2.53**

Notes to the Financial Statements

42. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS-24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019. (CONTD.)

Disclosure in respect of significant transactions of the same type with related parties during the year: (Contd.)

(₹ in Crores)

	2018-19	2017-18
Commission to Non Executive Directors		
Shri. Mahendra Choksi	0.28	0.28
Late Shri. Ashwin Choksi	0.18	0.36
Shri. Ashwin Dani	0.35	0.32
Shri. Abhay Vakil	0.28	0.28
Shri. Malav Dani	0.30	0.30
Ms. Amrita Amar Vakil	0.28	0.28
Others	2.30	2.08
	3.97	**3.90**
Sitting Fees Paid to Non Executive Directors		
Shri. M. K. Sharma	0.08	0.08
Shri. Mahendra Shah	0.07	0.06
Shri. Abhay Vakil	0.07	0.07
Others	0.46	0.50
	0.68	**0.71**
Reimbursement of Expenses – Paid		
Berger Paints Emirates LLC	0.47	0.22
Sleek International Private Limited	0.26	0.02
Asian Paints (Nepal) Private Limited	0.21	0.03
Asian Paints International Private Limited	0.21	0.79
PPG Asian Paints Private Limited	-	1.73
PT Asian Paints Indonesia	0.18	0.03
Others	0.29	0.36
	1.62	**3.18**
Dividend Paid		
Smiti Holding And Trading Company Private Limited	48.13	55.71
Sattva Holding and Trading Private Limited	47.07	54.47
Others	355.48	411.39
	450.68	**521.57**
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	51.43	33.28
Asian Paints Factory Employees Provident Fund	35.43	21.83
Asian Paints Management Cadres Superannuation Scheme	2.20	2.47
Asian Paints (India) Limited Employees' Gratuity Fund	7.00	-
	96.06	**57.58**
Advance Given		
Addverb Technologies Pvt. Ltd.	-	0.88
	-	**0.88**
Loan Given		
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited	1.65	-
	1.65	**-**
Sale of Asset		
PPG Asian Paints Private Limited	0.27	-
	0.27	**-**
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	3.17	-
	3.17	**-**

Notes to the Financial Statements

43. SEGMENT REPORTING

Basis of Segmentation:

Factors used to identify the reportable segments:

The Company has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes. Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

Reportable Segment	Products/Services
Paints	Manufacturing and Trading of Paints and related services
Home Improvement	Manufacturing and Trading of Bath Fitting products and related services

The measurement principles of segments are consistent with those used in Significant Accounting Policies. There are no inter segment transfer.

(₹ in Crores)

		Year 2018-19			Year 2017-18		
		Paints	Home Improvement	Total	Paints	Home Improvement	Total
A.	**Segment Revenue**	16,189.66	202.12	16,391.78	14,397.90	161.65	14,559.55
B.	**Segment Result**	3,408.20	(30.35)	3,377.85	3,038.84	(19.03)	3,019.81
C.	**Specified amounts included in segment results**						
	Depreciation and amortisation	328.06	0.97	329.03	262.62	0.82	263.44
	Interest Income	0.78	0.01	0.79	0.71	-	0.71
	Net foreign exchange loss	-	-	-	0.31	-	0.31
	Finance costs	25.09	0.02	25.11	19.33	0.01	19.34
	Dividend Income	7.11	-	7.11	6.10	-	6.10
D.	**Reconciliation of segment result with profit after tax**						
	Segment Result	3,408.20	(30.35)	3,377.85	3,038.84	(19.03)	3,019.81
	Add/(Less):						
	Interest Income			23.70			24.83
	Depreciation and amortisation			(53.15)			(47.67)
	Net foreign exchange gain/(loss)			(1.40)			40.32
	Dividend received			38.49			36.56
	Net gain arising on financial assets recognised at FVTPL			52.76			54.33
	Finance costs			(4.90)			(1.72)
	Income taxes			(1,039.81)			(971.03)
	Other Un-allocable Expenses net of Un-allocable Income			(258.78)			(260.63)
	Profit after tax as per statement of profit and loss			**2,134.76**			**1,894.80**

Notes to the Financial Statements

43. SEGMENT REPORTING (CONTD.)

(₹ in Crores)

	31.03.2019			31.03.2018		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
E. Other information						
Segment assets	9,300.17	169.67	9,469.84	8,158.24	151.66	8,309.90
Un-allocable assets			3,682.53			3,278.03
Total assets			**13,152.37**			**11,587.93**
Segment liabilities	3,598.55	72.74	3,671.29	3,313.86	50.48	3,364.34
Un-allocable liabilities			593.52			425.43
Total liabilities			**4,264.81**			**3,789.77**
Capital expenditure	1,203.28	3.69	1,206.97	1,388.82	2.41	1,391.23
Un-allocable capital expenditure			65.78			68.09
Total Capital expenditure			**1,272.75**			**1,459.32**

(₹ in Crores)

	2018-19	2017-18
F. Revenue from external customers		
India	16,313.37	14,485.20
Outside India	78.41	74.35
Total Revenue	**16,391.78**	**14,559.55**

All non-current assets of the Company are located in India.

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

(₹ in Crores)

	2018-19			2017-18		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
G. Reconciliation between segment revenue and revenue from contracts with customers						
Revenue from sale of products (including excise duty)	15,995.78	201.09	16,196.87	14,154.48	161.65	14,316.13
Revenue from sale of services	12.57	-	12.57	13.04	-	13.04
Other operating revenue	47.90	1.03	48.93	68.02	-	68.02
Add : Items not included in disaggregated revenue						
Subsidy from state government	133.41	-	133.41	162.36	-	162.36
Total Segment Revenue	**16,189.66**	**202.12**	**16,391.78**	**14,397.90**	**161.65**	**14,559.55**
Add : Items not included in segment revenue						
Royalty received						
- From Subsidiaries and Associate	55.48	-	55.48	47.59	-	47.59
- Others	0.02	-	0.02	0.08	-	0.08
Less : Items not included in disaggregated revenue						
Subsidy from state government	133.41	-	133.41	162.36	-	162.36
Revenue from contracts with customers (Refer note 22B)	**16,111.75**	**202.12**	**16,313.87**	**14,283.21**	**161.65**	**14,444.86**

Notes to the Financial Statements

44. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

A. Gross amount required to be spent by the Company during the year 2018-19 - ₹ 52.35 crores (2017-18 - ₹ 46.43 crores)

B. Amount spent during the year on:

(₹ in Crores)

		2018-19			2017-18		
		In cash*	Yet to be paid in cash	Total	In cash*	Yet to be paid in cash	Total
i	Construction/Acquisition of any assets	-	-	-	-	-	-
ii	Purposes other than (i) above	46.77	5.93	52.70	44.16	2.35	46.51
		46.77	**5.93**	**52.70**	**44.16**	**2.35**	**46.51**
C.	Related party transactions in relation to Corporate Social Responsibility:			3.17			NIL
D.	Provision movement during the year:						
	Opening provision			0.62			1.05
	Addition during the year			1.58			0.62
	Utilised during the year			(0.62)			(1.05)
	Closing provision			**1.58**			**0.62**

*Represents actual outflow during the year.

45. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

(₹ in Crores)

	As at 31.03.2018	Cash Flows	Other Changes	Non-cash changes		As at 31.03.2019
				Fair value changes	Current/ Non-current classification	
Borrowings- Non-current (Refer note 15)	9.87	-	-	1.02	-	10.89
Other Financial Liabilities (Refer note 16)	1.42	(1.42)	-	-	-	-
Other Liabilities (Refer note 19)	3.67	-	-	(1.09)	-	2.58
Borrowings - Current (Refer note 15)	-	-	4.35	-	-	4.35

(₹ in Crores)

	As at 31.03.2017	Cash Flows	Other Changes	Non-cash changes		As at 31.03.2018
				Fair value changes	Current/ Non-current classification	
Borrowings- Non-current (Refer note 15)	10.38	-	-	0.91	(1.42)	9.87
Other Financial Liabilities (Refer note 16)	1.98	(1.98)	-	-	1.42	1.42
Other Liabilities (Refer note 19)	4.72	-	-	(1.05)	-	3.67
Borrowings - Current (Refer note 15)	26.84	-	(26.84)	-	-	-

46. The financial statements are approved for issue by the Audit Committee at its meeting held on 8th May 2019 and by the Board of Directors on 9th May, 2019.

CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT

To the Members of Asian Paints Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Asian Paints Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates, which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associates referred to below in the Other Matter section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matter	How was the matter addressed in our audit
Revenue recognition – the Parent (Refer note 1.4(f) and 22 of the Consolidated Financial Statements)	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.
Discounts and incentives – the Parent (Refer note 1.4(f) and 22 of the Consolidated Financial Statements)	
Discounts and incentives to dealers / customers are administered through various schemes including incentives. These are material items of business cost. The calculation of the amount of expense to be recognized is both voluminous, complex and involves significant judgement. The liability recognized for such discounts and incentives as at 31st March 2019 is ₹ 475.11 crores. There is a risk that such liabilities for discounts and incentives may be inaccurately recognised.	Our audit procedures included assessment of the design and implementation of controls, in addition to testing the effectiveness of key controls in respect of recognition of the liabilities for such discounts and incentives. We have considered each significant type of discount recognized and assessed the appropriateness of the judgement applied while recognizing the liability including the methodology and inputs used in calculating the amount and in some cases, re-performed the calculation. Our audit procedures also included verification of appropriate authorization, analytical review including comparison of budgeted amount and actual charge for the year and review of historical trends in respect of these liabilities.

<table>
<tr><th>The Key Audit Matter</th><th>How was the matter addressed in our audit</th></tr>
<tr><td colspan="2">Capital work-in-progress/Property Plant and Equipment (PPE) – the Parent – (Refer note 1.4 (c), 1.4 (d) and Note 2, Note 3 of the Consolidated Financial Statements)</td></tr>
<tr><td>The Parent had embarked on the project of setting up manufacturing plants in Mysuru and Vizag. Value of Mysuru and Vizag plants capitalized during the year is ₹ 1,220 crores and ₹ 1,125 crores respectively. The projects need to be capitalized and depreciated once the assets are ready for use as intended by the management of the Parent. Inappropriate timing of capitalization of the project and/or inappropriate classification of categories of items of PPE could result in material misstatement of Capital work-in-progress/ PPE with a consequent impact on depreciation charge and results for the year.</td><td>Our audit procedures included testing the design, implementation and operating effectiveness of controls in respect of review of capital work in progress, particularly in respect of timing of the capitalization and recording of additions to items of various categories of PPE with source documentation, substantive testing of appropriateness of the cut-off date considered for project capitalization.

We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and segregated into appropriate categories. We reviewed operating expenses to determine appropriateness of accounting. Further, through sites visits, we physically verified existence of capital work in progress/PPE.</td></tr>
<tr><td colspan="2">System Upgradation - the Parent</td></tr>
<tr><td>The Parent used SAP ECC 6.0 which was upgraded to SAP S/4 HANA in November 2018. Migration to S/4 HANA is a major upgrade to the existing core enterprise application system resulting into a significant change to the financial accounting configuration which is the core for financial reporting including preparation of Consolidated Financial Statements.

Risks identified as emanating from the aforesaid change were (i) Inappropriate changes made to the application systems or programs that contain relevant automated controls (i.e., configurable settings, automated algorithms, automated calculations, and automated data extraction) and/or report logic and (ii) Systems not adequately configured or updated to restrict system access to authorized users.</td><td>Our audit procedures included obtaining detailed project plan and SAP Governance framework for transition to new SAP landscape. We involved Information Technology (IT) Specialists as part of the audit team to perform audit procedures in respect of this upgradation.

Audit procedures performed by the IT Specialists involved, obtaining User Acceptance Testing ('UAT') sign-off to ensure that the implemented system was configured in line with business requirements, performing test of General IT Controls and user access controls in respect of SAP S/4 HANA IT environment and testing the operating effectiveness of the data migration process. The audit procedures also involved testing of critical transactions, segregation of duties (SOD) rules to ensure system access was restricted to authorized users and testing of interface controls between new SAP environment and other auxiliary systems.</td></tr>
<tr><td colspan="2">Impairment of goodwill in Consolidated Financial Statements (Refer note 1.4 (e) and Note 3A of the Consolidated Financial Statements)</td></tr>
<tr><td>The Consolidated Financial Statements reflect goodwill on acquisition / consolidation of ₹ 321.30 crores, including ₹ 35.36 crores towards acquisition of bath fitting business recognized in the standalone financial statements of the Parent, while the balance emanates from the subsidiaries. Goodwill is required to be tested annually for impairment. To this end, the Parent and the relevant subsidiary have estimated the recoverable amount of the Cash Generating Unit (CGU) to which the goodwill is allocable based on Value in Use (ViU) calculations. Determination of ViU involves significant estimates, assumptions and judgements as regards determination of method to be used for ViU calculation, reasonableness of assumptions involved in developing projections of financial performance etc., and is therefore susceptible to material misstatement due to error or fraud. The key assumptions applied in the impairment reviews are described in note 3A of the Consolidated Financial Statements.</td><td>Our audit procedures to the extent the goodwill is recognised in the standalone financial statements of the Parent included, reviewing the approach adopted for testing impairment including the method used for determination of ViU, testing the design, implementation and operating effectiveness of controls over the process of impairment assessment and performing substantive testing in respect of financial projections for their accuracy, reviewing the assumptions used for reasonableness and involving fair value specialists. We challenged the assumptions made by the management of the Parent in relation to the ViU computation. We also reviewed the sensitivity analysis performed by the management of the Parent on the key assumptions.

To the extent, goodwill relates to the subsidiaries, component auditor has reviewed the ViU calculations for compliance with generally accepted methodologies, assess management's estimates of key inputs (discount rates, growth rates and profit margins) based on historical performance, their knowledge of the CGU operations and environment and general economic forecasts, and performed sensitivity analyses to assess the impact of reasonably possible changes in estimates on the recoverable amount of the CGU. We have reviewed the working papers of the component auditors and sought information and explanations from the component auditors, as considered, necessary.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises Board's Report, Report on Corporate governance and Business Responsibility report but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statement of the subsidiaries and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and associates, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/consolidated financial information of 21 subsidiaries, whose financial statements/ consolidated financial information reflect total assets of ₹ 2,859.29 crores as at 31st March, 2019, total revenues of ₹ 2,357.79 crores and net cash outflows amounting to ₹ 59.23 crores for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 40.82 crores for the year ended 31st March, 2019, as considered in the Consolidated Financial Statements, in respect of 3 associates, whose Consolidated Financial Statements have not been audited by us. These financial statements/Consolidated Financial Statements/consolidated financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of subsidiary and associate companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund other than two instances of delays aggregating ₹ 3.52 lakhs on account of unclaimed and unpaid sale proceeds of fractional shares arising out of the issue of bonus shares in earlier years.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
9th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of Asian Paints Limited ("the Company" or "the Parent") and its subsidiary companies and its associate companies, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary companies, its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 subsidiary companies and 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Mumbai
9th May, 2019

Consolidated Balance Sheet as at 31st March, 2019

(₹ in Crores)

	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	2	5,256.18	3,118.47
Capital Work-in-Progress		209.67	1,405.11
Goodwill	3(A)	321.30	327.26
Other Intangible Assets	3(B)	273.70	286.51
Investment in Associate	4	406.94	365.88
Financial Assets			
Investments	4	988.22	718.15
Loans	5	78.60	81.47
Trade Receivables	6	6.09	6.43
Other Financial Assets	7	226.79	151.28
Deferred Tax Assets (Net)	20	28.04	19.60
Current Tax Assets (Net)	9	158.87	68.30
Other Non-Current Assets	10	72.88	320.54
		8,027.28	**6,869.00**
CURRENT ASSETS			
Inventories	11	3,149.86	2,658.31
Financial Assets			
Investments	4	1,174.53	1,056.67
Trade Receivables	6	1,907.33	1,730.63
Cash and Cash Equivalents	8(A)	275.97	312.12
Other Balances with Banks	8(B)	168.91	92.53
Loans	5	15.59	12.81
Other Financial Assets	7	525.97	580.78
Assets classified as Held for Sale	12	14.93	15.00
Other Current Assets	10	400.96	455.23
		7,634.05	**6,914.08**
TOTAL ASSETS		**15,661.33**	**13,783.08**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	13	95.92	95.92
Other Equity	14	9,423.77	8,314.31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**9,519.69**	**8,410.23**
Non-Controlling Interests	14	363.05	327.65
		9,882.74	**8,737.88**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	19.48	28.33
Other Financial Liabilities	16	3.94	4.99
Provisions	17	155.59	140.12
Deferred Tax Liabilities (Net)	20	567.72	417.12
Other Non-Current Liabilities	18	2.99	3.57
		749.72	**594.13**
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	596.53	492.42
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	19	61.37	39.88
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	19	2,332.97	2,120.08
Other Financial Liabilities	16	1,651.44	1,363.73
Other Current Liabilities	18	163.87	282.89
Provisions	17	76.21	56.60
Current Tax Liabilities (Net)	21	146.48	95.47
		5,028.87	**4,451.07**
TOTAL EQUITY AND LIABILITIES		**15,661.33**	**13,783.08**
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-44		

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Crores)

	Notes	Year 2018-19	Year 2017-18
REVENUE FROM OPERATIONS			
Revenue from Sale of Products (including Excise Duty)	22A	19,091.21	16,963.35
Revenue from Sale of Services	22A	80.79	74.91
Other Operating Revenues	22A	177.84	223.97
Other Income	23	227.05	220.62
TOTAL INCOME (I)		**19,576.89**	**17,482.85**
EXPENSES			
Cost of Materials Consumed	24A	10,356.70	8,585.41
Purchases of Stock-in-Trade	24B	1,278.93	963.62
Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-Progress	24C	(293.29)	142.13
Excise Duty		8.32	437.68
Employee Benefits Expense	25	1,270.02	1,115.48
Other Expenses	26	3,204.63	2,820.30
TOTAL EXPENSES (II)		**15,825.31**	**14,064.62**
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		**3,751.58**	**3,418.23**
Finance Costs	27	51.00	35.07
Depreciation and Amortisation Expense	28	430.67	360.47
PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT IN ASSOCIATE		**3,269.91**	**3,022.69**
SHARE OF PROFIT OF ASSOCIATE	34	**40.82**	**45.79**
PROFIT BEFORE TAX		**3,310.73**	**3,068.48**
Tax Expense	20		
(1) Current Tax		940.35	1,041.30
(2) Minimum Alternate Tax (MAT) credit utilised		-	0.76
(3) Short/(Excess) Tax provision for earlier years		2.40	(0.63)
(4) Deferred Tax		156.07	(0.47)
Total tax expense		**1,098.82**	**1,040.96**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**2,211.91**	**2,027.52**
Profit before tax from discontinued operations		-	70.59
Tax expense of discontinued operations		-	0.59
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	31 (c)	-	70.00
PROFIT FOR THE PERIOD		**2,211.91**	**2,097.52**
OTHER COMPREHENSIVE INCOME (OCI)			
(A) Items that will not be reclassified to Profit or Loss			
(a) (i) Remeasurement of defined benefit plans (Refer note 39)		(39.61)	13.17
(ii) Income tax relating to remeasurement of defined benefit plans		14.07	(4.58)
(b) Net fair value gain/(loss) on investment in equity instruments through OCI		9.35	(9.36)
(c) Share of OCI in associate		0.24	0.26
(B) Items that will be reclassified to Profit or Loss			
(a) (i) Net fair value (loss) on investment in debt instruments through OCI		(1.32)	(0.31)
(ii) Income tax benefit/(expense) on net fair value loss on investment in debt instruments through OCI		0.15	(2.30)
(b) Exchange difference arising on translation of foreign operations		3.52	(31.68)
TOTAL OTHER COMPREHENSIVE INCOME		**(13.60)**	**(34.80)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,198.31**	**2,062.72**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		2,159.49	2,038.93
- Non-controlling interest		52.42	58.59
		2,211.91	**2,097.52**
OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		(22.85)	(29.45)
- Non-controlling interest		9.25	(5.35)
		(13.60)	**(34.80)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		2,136.64	2,009.48
- Non-controlling interest		61.67	53.24
		2,198.31	**2,062.72**
Earnings per equity share (Face value of ₹ 1 each)	40		
(1) Basic and Diluted Earnings Per Share from continuing operations (EPS) (₹)		**22.51**	**20.53**
(2) Basic and Diluted Earnings Per Share from discontinued operations (EPS) (₹)		**-**	**0.73**
(3) Basic and Diluted Earnings Per Share from continuing and discontinued operations (EPS) (₹)		**22.51**	**21.26**
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-44		

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

A) EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the reporting year	95.92	95.92
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	**95.92**	**95.92**

B) OTHER EQUITY

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other Comprehensive Income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-Controlling Interests	Total
Balance as at 1st April, 2017 (A)	39.16	44.38	5.37	11.90	4,715.75	2,688.71	-	3.77	(110.68)	110.91	(1.30)	7,507.97	375.45	7,883.42
Additions during the year :														
Profit for the year	-	-	-	-	-	2,038.93	-	-	-	-	-	2,038.93	58.59	2,097.52
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(26.34)	-	-	(26.34)	(5.34)	(31.68)
Remeasurement of defined benefit plans	-	-	-	-	-	8.60	-	-	-	-	-	8.60	(0.01)	8.59
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	(9.36)	-	(9.36)	-	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(2.61)	-	-	-	(2.61)	-	(2.61)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.26	0.26	-	0.26
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,047.53	-	(2.61)	(26.34)	(9.36)	0.26	2,009.48	53.24	2,062.72
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(987.98)	-	-	-	-	-	(987.98)	(32.93)	(1,020.91)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(199.44)	-	-	-	-	-	(199.44)	-	(199.44)
Effect of stake acquired from non controlling interest (Refer note 31 (a))	-	-	-	-	-	-	(15.72)	-	-	-	-	(15.72)	(34.41)	(50.13)
Disposal of Subsidiaries (Refer note 31 (c))	-	-	-	-	-	-	-	-	-	-	-	-	(33.70)	(33.70)
Transfer to Statutory Reserves and General Reserve	-	-	-	1.04	-	(1.04)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	1.04	-	(1,188.46)	(15.72)	-	-	-	-	(1,203.14)	(101.04)	(1,304.18)
Balance as at 31st March, 2018 (A+B+C)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019 (Contd.)

B) Other Equity (Contd.)

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other Comprehensive Income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-Controlling Interests	Total
Balance as at 1st April, 2018 (A)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96
Additions during the year :														
Profit for the year	-	-	-	-	-	2,159.49	-	-	-	-	-	2,159.49	52.42	2,211.91
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(5.56)	-	-	(5.56)	9.08	3.52
Remeasurement of defined benefit plans	-	-	-	-	-	(25.71)	-	-	-	-	-	(25.71)	0.17	(25.54)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	9.35	-	9.35	-	9.35
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(1.17)	-	-	-	(1.17)	-	(1.17)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.24	0.24	-	0.24
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,133.78	-	(1.17)	(5.56)	9.35	0.24	2,136.64	61.67	2,198.31
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(853.68)	-	-	-	-	-	(853.68)	(26.27)	(879.95)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(173.50)	-	-	-	-	-	(173.50)	-	(173.50)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.74	-	(0.74)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	0.74	-	(1,027.92)	-	-	-	-	-	(1,027.18)	(26.27)	(1,053.45)
Balance as at 31st March, 2019 (A+B+C)	39.16	44.38	5.37	13.68	4,715.75	4,653.64	(15.72)	(0.01)	(142.58)	110.90	(0.80)	9,423.77	363.05	9,786.82

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(₹ in Crores)

		Year 2018-19	Year 2017-18
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax from:		
	Continuing operations	3,310.73	3,068.48
	Discontinued operations	-	70.59
	Adjustments for :		
	Depreciation and amortisation expense	430.67	360.47
	Gain on sale of property, plant and equipment (net)	(14.18)	(0.47)
	Finance costs	51.00	35.07
	Allowances for doubtful debts and advances (net)	28.64	10.63
	Bad debts written off	3.28	4.95
	Interest income	(39.49)	(39.49)
	Dividend income	(39.69)	(37.76)
	Share of profit of associate (Refer note 34)	(40.82)	(45.79)
	Gain on sale of disposal of subsidiaries (Refer note 31(c))	-	(67.47)
	Net gain arising on financial assets measured at FVTPL	(52.76)	(49.60)
	Deferred income arising from government grant	(1.09)	(1.05)
	Net unrealised foreign exchange loss/(gain)	5.99	(9.26)
	Effect of exchange rates on translation of operating cashflows	(18.61)	(25.47)
	Operating Profit before working capital changes	**3,623.67**	**3,273.83**
	Adjustments for :		
	(Increase) in Inventories	(491.54)	(39.49)
	(Increase) in Trade and Other Receivables	(223.13)	(482.66)
	Increase in Trade and Other Payables	287.27	442.50
	Cash generated from Operating activities	**3,196.27**	**3,194.18**
	Income Tax paid (net of refund)	(982.00)	(1,080.74)
	Net Cash generated from Operating activities	**2,214.27**	**2,113.44**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment	(1,150.79)	(1,425.98)
	Sale of Property, plant and equipment	17.24	17.20
	Purchase of non-current investments	(572.66)	(319.52)
	Sale of non-current investments	363.42	262.75
	Sale of current Investments (Net)	369.39	99.39
	Net investment in bank/term deposits (having original maturity more than three months)	(29.80)	74.42
	Proceeds from disposal of subsidiaries (Net) (Refer note 31(c))	-	140.67
	Payment for acquisition of subsidiaries (Net) (Refer note 31(b) & (d))	-	(524.99)
	Interest received	39.79	39.02
	Dividend received	39.69	37.76
	Net Cash (used in) Investing activities	**(923.72)**	**(1,599.28)**

Consolidated Cash Flow Statement for the year ended 31st March, 2019 (Contd.)

(₹ in Crores)

		Year 2018-19	Year 2017-18
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from non-current borrowings	14.75	10.18
	Repayment of non-current borrowings	(25.86)	(26.92)
	Proceeds from/(Repayment of) current borrowings (Net)	74.19	(27.24)
	Acceptances (Net)	153.88	(32.08)
	Transactions with Non Controlling Interest (Refer note 31(a))	-	(50.13)
	Finance costs paid	(51.22)	(35.20)
	Dividend and Dividend tax paid (including dividend paid to non-controlling shareholders)	(1,048.70)	(1,217.75)
	Net Cash (used in) Financing activities	**(882.96)**	**(1,379.14)**
(D)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]**	407.59	(864.98)
	Cash and cash equivalents as at 1st April, 2018	**845.68**	**1,667.52**
	Net effect of exchange gain on cash and cash equivalents	26.70	43.14
	Cash and cash equivalents as at 31st March, 2019	**1,279.97**	**845.68**

Notes:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
(b)	**Cash and Cash Equivalent comprises of :**		
	Cash on hand	0.38	0.64
	Balances with Banks:		
	- Current Accounts	146.53	176.63
	- Cash Credit Accounts	11.90	3.06
	- Deposits with Bank with maturity less than 3 months	70.32	57.26
	Cheques, drafts on hand	46.84	74.53
	Cash and cash equivalents (Refer note 8(A))	275.97	312.12
	Investment in Government Securities (Refer note 4 II B)	3.16	-
	Investment in Liquid mutual funds (Refer note 4 II A (ii))	1,087.12	603.02
	Less: Loan repayable on demand - Cash Credit /Overdraft Accounts (Refer note 15)	(86.28)	(69.46)
	Cash and cash equivalents in Cash Flow Statement	**1,279.97**	**845.68**

As per our report of even date attached

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Shyamak R Tata
Partner
Membership No: 038320

Place : Mumbai
Dated : 9th May, 2019

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Place : Mumbai
Dated : 9th May, 2019

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Notes to the Consolidated Financial Statements

GROUP'S BACKGROUND

The Consolidated Financial Statements comprise financial statements of Asian Paints Limited ('the Parent' 'or the Company') and its subsidiaries (collectively, the Group) and includes share of profit of the associates for the year ended 31st March, 2019.

The Parent is a public limited company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Parent is Located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Group is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home décor, bath fittings, modular kitchen & accessories and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis of preparation of Consolidated Financial Statements

These financial statements are the Consolidated Financial Statements of the Group prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Consolidated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these Consolidated Financial Statements except as mentioned below in 1.2.

1.2. Application of New Accounting Pronouncements

The Group has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect thereof is described below:

a. The Group has adopted Ind AS 115, Revenue from Contracts with Customers with effect from 1st April, 2018 and it is detailed in note 1.4(f).

   The Group has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 1st April, 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the Statement of Profit and Loss for the year ended 31st March, 2019.

b. The Group has adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration with effect from 1st April, 2018 prospectively to all assets, expenses and income initially recognized on or after 1st April, 2018 and the impact on implementation of the Appendix is immaterial.

1.3. Current / Non-Current Classification

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

i. the asset/liability is expected to be realized/settled in the Group's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

Notes to the Consolidated Financial Statements

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

1.4. Summary of Significant accounting policies

a) **Business combinations**

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in Other Comprehensive Income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

b) **Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

Notes to the Consolidated Financial Statements

c) **Property, plant and equipment**

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The Group had elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Capital work in progress and Capital advances:

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

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Consolidated Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life. Depreciation on tinting systems leased to dealers, is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation:

The estimated useful life of items of property, plant and equipment is mentioned below:

	Years
Factory Buildings	30 to 60
Buildings (other than factory buildings)	30 to 61
Plant and Equipment	4 to 21
Scientific Research Equipment	8
Furniture and Fixtures	5 to 10
Office Equipment and Vehicles	4 to 8
Tinting system	9

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.

The Group, based on technical assessment made by technical expert and management estimate, depreciates property plant and equipment (other than building and factory building) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Notes to the Consolidated Financial Statements

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Consolidated Statement of Profit and Loss when the item is derecognized.

d) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Consolidated Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

The Group had elected to consider the carrying value of all its intangible assets appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Consolidated Statement of Profit and Loss:

The estimated useful life of intangible assets is mentioned below :

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5
Others include acquired dealers' network	20

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

e) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization and assets representing investments in associate are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely

Notes to the Consolidated Financial Statements

independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Consolidated Statement of Profit and Loss and included in depreciation and amortization expenses.

Impairment losses, on assets other than goodwill, are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

f) Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of goods:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from rendering of services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Group uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Group.

g) Government grants and subsidies

Recognition and Measurement:

The parent is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Parent will comply with all necessary conditions attached to them. Income from subsidies is recognized on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognized.

The Parent has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, *Financial Instruments*. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognized as income when there is a reasonable assurance that the Parent will comply with all necessary conditions attached to the loans. Income from such benefit is recognized on a systematic basis over the period in which the related costs that are intended to be compensated by such grants are recognized.

Presentation:

Income from the above grants and subsidies are presented under Revenue from Operations.

h) Inventory

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

The Group recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

i. The Group's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

iii. Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group (Refer note 29 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net

Notes to the Consolidated Financial Statements

of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Consolidated Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer note 29 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Consolidated Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from equity to Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in associate (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's balance sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Group neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

Notes to the Consolidated Financial Statements

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and Loss under the head ‘Other expenses’.

Financial Liabilities

Initial recognition and measurement:

The Group recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at Fair Value Through Profit or Loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

Notes to the Consolidated Financial Statements

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method (Refer note 29 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Consolidated Statement of Profit and Loss.

j) Derivative financial instruments and hedge accounting

The Group enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortized cost. The Group formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Group's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

Recognition and measurement of fair value hedge:

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the Consolidated Statement of Profit and Loss. Hedging instrument is recognized as a financial asset in the balance sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

On derecognition of the hedged item, the unamortized fair value of the hedging instrument is recognized in the Consolidated Statement of Profit and Loss.

k) Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Notes to the Consolidated Financial Statements

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

l) Foreign Currency Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Consolidated Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Consolidated Statement of Profit and Loss.

Translation of financial statements of foreign entities

On consolidation, the assets and liabilities of foreign operations are translated into ₹ (Indian Rupees) at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Consolidated Statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after adoption of Ind AS 103, Business Combination, and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of adoption of Ind AS 103, Business Combination, are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

m) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Notes to the Consolidated Financial Statements

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent that it is probable that the respective group company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent that it is no longer probable that the respective group company will pay normal income tax during the specified period.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

n) Provisions and Contingencies

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

o) Measurement of EBITDA

The Group has opted to present Earnings Before Interest (finance cost), Tax, Depreciation and Amortization (EBITDA) as a separate line item on the face of the Consolidated Statement of Profit and Loss for the period. The Group measures EBITDA on the basis of profit/(loss) from continuing operations.

Notes to the Consolidated Financial Statements

p) **Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Group's cash management.

q) **Employee Benefits**

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. *Defined contribution plans:*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the Consolidated Statement of Profit and Loss in the financial year to which they relate. The Parent Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Parent Company operates a Superannuation scheme for eligible employees. A few Indian Subsidiaries also operate Defined Contribution Plans pertaining to Provident Fund Scheme.

Recognition and measurement of defined contribution plans:

The Group recognizes contribution payable to a defined contribution plan as an expense in the Consolidated Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. *Defined benefit plans:*

i) Provident fund scheme:

The Parent Company operates a provident fund scheme by paying contribution into separate entities' funds administrated by the Parent Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. These entities have an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme:

The Parent Company, its Indian subsidiaries and some of its foreign subsidiaries operate a gratuity scheme for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity obligations.

iii) Pension and Leaving Indemnity scheme:

The Parent Company and some of its foreign subsidiaries operate a pension and leaving indemnity plan for certain specified employees and is payable upon the employee satisfying certain conditions as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan:

The Parent Company and some of its foreign subsidiaries operate a post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Notes to the Consolidated Financial Statements

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Consolidated Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Consolidated Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Group determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

r) Lease accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets taken on lease:

In respect of operating leases, lease rentals are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the lease term unless

(i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

(ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and 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.

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

s) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

t) **Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

u) **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

v) **Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated Financial Statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

w) **Non-current Assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

x) **Investment in associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the

Notes to the Consolidated Financial Statements

difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

y) **Basis of Consolidation**

The Consolidated Financial Statements comprise the financial statements of the Parent Company ('the Company') and its subsidiaries. Control is achieved when the Company has:

- Power over the investee,
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Company's voting rights and potential voting rights,
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Notes to the Consolidated Financial Statements

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

z) **Recent accounting pronouncements**

Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Group from 1st April, 2019. The Group will be adopting the below stated new standards and applicable amendments from their respective effective date.

a) Ind AS 116, Leases:

Ind AS 116 supersedes Ind AS 17, Leases. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. The Group has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in changes in the Balance sheet, Statement of Profit and loss and Cash Flow Statement. The Group intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Standard would result in recognition of right of use approximately of ₹ 501.98 crores and a corresponding lease liability approximately of ₹ 563.70 crores with net impact on reserves as on 1st April, 2018. The depreciation will increase approximately by ₹ 194.36 crores, interest expense will increase approximately by ₹ 55.54 crores with a corresponding decrease in rental and other expenses approximately by ₹ 233.40 crores for the year ended 31st March, 2019.

b) Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:

The Appendix clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Group needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April, 2019.

The impact of the Appendix on the Consolidated Financial Statements, as assessed by the Group, is expected to be not material.

c) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Group will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. The impact on the Consolidated Financial Statements is being evaluated.

d) Amendment to Ind AS 23, Borrowing Costs:

The amendment clarifies that an entity shall consider specific borrowings as general borrowing while calculating capitalization rate, once substantial activities necessary to prepare a qualifying asset for which specific borrowing was obtained is completed for its intended use or sale.

The Group will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1.5. **Key accounting estimates and judgements**

The preparation of the Group's Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also Refer note 20.

b. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d. Impairment of Goodwill and Other Intangible Assets with Indefinite Life

Goodwill and other intangible assets with indefinite life are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

e. Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Consolidated Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 32, 'Employee benefits'.

f. Fair value measurement of financial instruments

When the fair values of financials assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

2. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Gross Carrying Value					Depreciation/Amortisation					Net Carrying Value
	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments#	As at 31.03.2019	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments#	As at 31.03.2019	As at 31.03.2019
Land :											
Freehold	351.22	0.48	7.46	-	359.16	-	-	-	-	-	359.16
Leasehold	234.65	1.75	8.82	-	245.22	7.75	0.15	2.83	-	10.73	234.49
Buildings :											
Freehold	894.10	6.92	620.17	0.86	1,520.33	91.14	0.75	38.39	0.07	130.21	1,390.12
Leasehold	52.07	2.80	3.36	-	58.23	10.43	2.01	4.02	-	16.46	41.77
Leasehold Improvements	10.48	-	0.02	0.03	10.47	4.02	-	2.13	0.03	6.12	4.35
Plant and Equipment	2,157.21	10.68	1,843.35	5.37	4,005.87	671.45	4.79	311.09	3.44	983.89	3,021.98
Scientific Research:											
Buildings	71.37	-	-	-	71.37	4.10	-	2.73	-	6.83	64.54
Equipment	62.58	-	3.86	0.03	66.41	15.93	-	8.15	0.01	24.07	42.34
Furnitures & Fixtures	72.49	0.72	14.78	0.32	87.67	28.50	0.43	10.90	1.12	38.71	48.96
Vehicles	25.44	(0.16)	3.28	0.64	27.92	15.18	(0.10)	3.33	0.59	17.82	10.10
Office Equipment	66.49	1.23	16.58	1.61	82.69	34.42	0.87	12.35	1.19	46.45	36.24
Assets Given on Operating Lease:											
Tinting systems	4.21	(0.51)	0.06	-	3.76	1.55	(0.39)	0.47	-	1.63	2.13
Assets Taken on Finance Lease:											
Vehicles	1.73	-	-	1.73	-	1.10	-	-	1.10	-	-
Total	**4,004.04**	**23.91**	**2,521.74**	**10.59**	**6,539.10**	**885.57**	**8.51**	**396.39**	**7.55**	**1,282.92**	**5,256.18**

(₹ in Crores)

	Gross Carrying Value							Depreciation/Amortisation							Net Carrying Value
	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary ^	Deductions / Adjustments#	Disposals of Subsidiaries *	As at 31.03.2018	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary ^	Deductions / Adjustments#	Disposals of Subsidiaries *	As at 31.03.2018	As at 31.03.2018
Land :															
Freehold	175.51	0.07	181.98	-	-	6.34	351.22	-	-	-	-	-	-	-	351.22
Leasehold	232.07	(4.91)	0.79	6.70	-	-	234.65	4.51	(0.21)	2.94	0.51	-	-	7.75	226.90
Buildings :															
Freehold	877.88	0.92	27.96	-	0.91	11.75	894.10	59.75	0.46	31.83	-	0.10	0.80	91.14	802.96
Leasehold	41.86	(0.51)	2.04	9.45	-	0.77	52.07	5.00	0.29	3.82	1.32	-	-	10.43	41.64
Leasehold Improvements	11.28	-	0.06	-	0.86	-	10.48	2.20	-	2.20	-	0.38	-	4.02	6.46
Plant and Equipment	1,979.50	0.65	199.09	6.20	15.99	12.24	2,157.21	425.87	1.63	248.30	1.78	4.46	1.67	671.45	1,485.76
Scientific Research:															
Buildings	30.49	-	40.88	-	-	-	71.37	2.60	-	1.50	-	-	-	4.10	67.27
Equipment	33.29	-	29.30	-	0.01	-	62.58	10.86	-	5.08	-	0.01	-	15.93	46.65
Furnitures & Fixtures	59.20	0.23	13.14	2.42	1.65	0.85	72.49	17.26	0.31	11.15	1.12	0.94	0.40	28.50	43.99
Vehicles	11.01	(1.42)	4.34	15.15	3.30	0.34	25.44	5.29	(0.69)	5.84	6.96	2.11	0.11	15.18	10.26
Office Equipment	54.79	0.51	12.39	0.96	0.85	1.31	66.49	21.35	0.59	12.42	0.60	0.49	0.05	34.42	32.07
Assets Given on Operating Lease:															
Tinting systems	3.72	(0.18)	0.67	-	-	-	4.21	1.08	(0.13)	0.60	-	-	-	1.55	2.66
Assets Taken on Finance Lease:															
Vehicles	2.87	0.06	-	-	1.06	0.14	1.73	1.05	0.07	0.01	-	0.03	-	1.10	0.63
Total	**3,513.47**	**(4.58)**	**512.64**	**40.88**	**24.63**	**33.74**	**4,004.04**	**556.82**	**2.32**	**325.69**	**12.29**	**8.52**	**3.03**	**885.57**	**3,118.47**

^ Refer note no 31(d) for details on acquisition of subsidiary

\# Deductions / Adjustments include Assets classified as held for sale (Refer note 12)

* Refer note no 31(c) for details on disposal

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note no 37 (b)

Notes to the Consolidated Financial Statements

3. INTANGIBLE ASSETS

(₹ in Crores)

	Gross Carrying Value					Amortisation					Impairment				Net Carrying Value
	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 01.04.18	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
3A. Goodwill															
Goodwill on Consolidation (refer 2 below)	332.43	(5.96)	-	-	326.47	-	-	-	-	-	52.45	-	-	52.45	274.02
Goodwill (acquired separately)	47.28	-	-	-	47.28	-	-	-	-	-	-	-	-	-	47.28
Total (3A)	**379.71**	**(5.96)**	**-**	**-**	**373.75**	**-**	**-**	**-**	**-**	**-**	**52.45**	**-**	**-**	**52.45**	**321.30**
3B. Other Intangibles Assets (Acquired Separately)															
Brand (refer 1 below)	139.71	(2.85)	-	-	136.86	2.50	-	-	-	2.50	-	-	-	-	134.36
Trademark	0.94	-	-	-	0.94	0.57	-	0.19	-	0.76	-	-	-	-	0.18
Computer Software	137.68	0.54	27.99	-	166.21	78.46	0.25	29.28	-	107.99	-	-	-	-	58.22
Others	95.59	(4.34)	-	-	91.25	5.94	(0.41)	4.78	-	10.31	-	-	-	-	80.94
Scientific Research:															
Computer Software	0.16	-	-	0.02	0.14	0.10	0.01	0.03	-	0.14	-	-	-	-	-
Total (3B)	**374.08**	**(6.65)**	**27.99**	**0.02**	**395.40**	**87.57**	**(0.15)**	**34.28**	**-**	**121.70**	**-**	**-**	**-**	**-**	**273.70**
Total (3A+3B)	**753.79**	**(12.61)**	**27.99**	**0.02**	**769.15**	**87.57**	**(0.15)**	**34.28**	**-**	**121.70**	**52.45**	**-**	**-**	**52.45**	**595.00**

(₹ in Crores)

	Gross Carrying Value						Amortisation						Impairment				Net Carrying Value
	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary^	Deductions / Adjustments	As at 31.03.2018	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary^	Deductions / Adjustments	As at 31.03.2018	As at 01.04.17	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2018	As at 31.03.2018
3A. Goodwill																	
Goodwill on Consolidation (Refer 2 below)	198.65	(13.44)	147.22	-	-	332.43	-	-	-	-	-	-	52.45	-	-	52.45	279.98
Goodwill (acquired separately)	47.28	-	-	-	-	47.28	-	-	-	-	-	-	-	-	-	-	47.28
Total (3A)	**245.93**	**(13.44)**	**147.22**	**-**	**-**	**379.71**	**-**	**-**	**-**	**-**	**-**	**-**	**52.45**	**-**	**-**	**52.45**	**327.26**
3B. Other Intangibles Assets (Acquired Separately)																	
Brand (refer 1 below)	81.54	(10.50)	-	68.67	-	139.71	2.50	-	-	-	-	2.50	-	-	-	-	137.21
Trademark	0.94	-	-	-	-	0.94	0.38	-	0.19	-	-	0.57	-	-	-	-	0.37
Computer Software	109.64	(0.01)	28.17	-	0.12	137.68	48.86	0.01	29.70	-	0.11	78.46	-	-	-	-	59.22
Others	14.56	(4.97)	-	86.60	0.60	95.59	1.39	(0.31)	4.86	-	-	5.94	-	-	-	-	89.65
Scientific Research:																	
Computer Software	0.13	-	0.04	-	0.01	0.16	0.07	-	0.03	-	-	0.10	-	-	-	-	0.06
Total (3B)	**206.81**	**(15.48)**	**28.21**	**155.27**	**0.73**	**374.08**	**53.20**	**(0.30)**	**34.78**	**-**	**0.11**	**87.57**	**-**	**-**	**-**	**-**	**286.51**
Total (3A+3B)	**452.74**	**(28.92)**	**175.43**	**155.27**	**0.73**	**753.79**	**53.20**	**(0.30)**	**34.78**	**-**	**0.11**	**87.57**	**52.45**	**-**	**-**	**52.45**	**613.77**

^ Refer note 31(d) for details on acquisition of subsidiary

The amount of contractual commitments for the acquisition of intangible asset is disclosed in note no 37 (b).

1: 'Brand' include Brands acquired pursuant to acquisition of subsidiaries. These have indefinite useful life as the registration of these brands can be renewed indefinitely and management assessed that they will continue to generate future cash flows for the Group indefinitely. Accordingly, the same is not amortised.

3A. GOODWILL

2. Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

(₹ in Crores)

	As at 31.03.19	As at 31.03.18
Goodwill on Consolidation		
Berger Paints Emirates LLC	2.60	2.51
Kadisco Paint and Adhesive Industry S.C.	46.36	45.52
Asian Paints (Vanuatu) Limited	0.89	0.83
Asian Paints (South Pacific) Pte Limited	1.81	1.70
SCIB Chemicals, S.A.E.	11.62	10.91
Asian Paints (Lanka) Limited	0.07	0.07
Causeway Paints Lanka (Private) Limited (Refer note 31(d))	134.84	142.61
Asian Paints International Private Limited (formerly known as Berger International Private Limited)	75.83	75.83
Goodwill acquired separately		
Asian Paints Limited (Bath Fittings Business) *	35.36	35.36
Sleek International Private Limited *	11.92	11.92
Total	**321.30**	**327.26**

The Group's goodwill on consolidation and goodwill acquired separately are tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management with projected revenue growth rates ranging from 6% to 27% (Previous year: 5% to 29%). Growth rate used for extrapolation of cash flows beyond the period covered by the forecast is 2% to 6% (Previous year: 2% to 4%).

The rates used to discount the forecasted cash flows is 7% to 24% (Previous year: 8% to 20%).

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

* The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five to seven year period (Previous year: six to seven year period), as the Group believes this is to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows. Cash flows beyond such period were extrapolated using estimate rates stated above.

No impairment on goodwill was recognized during the current year or previous year.

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.

Notes to the Consolidated Financial Statements

4. INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.19	Non-Current As at 31.03.18	Current As at 31.03.19	Current As at 31.03.18
I. Non-Current Investments						
A. Investments in Equity Instruments						
(a) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	362.49	359.81	-	-
Housing Development Finance Corporation Limited	4,65,000	2	91.52	84.89	-	-
Apcotex Industries Limited	13,672	5	0.71	0.67	-	-
Total Quoted equity shares			**454.72**	**445.37**	**-**	**-**
(b) Unquoted equity shares						
(i) Associate (accounted as per equity method, Refer note 1.4.x)						
PPG Asian Paints Private Limited (Refer note 34)	2,85,18,112	10	406.94	365.88	-	-
			406.94	**365.88**	**-**	**-**
(ii) Other equity shares measured at FVTPL			**1.07**	**1.07**	**-**	**-**
Total Unquoted equity shares (i+ii)			**408.01**	**366.95**	**-**	**-**
Total Investments in Equity Instruments (a+b)		A	**862.73**	**812.32**		
B. Investments in Unquoted Government securities measured at amortised cost		B	*	*	-	-
*[₹ 39,500/- (As at 31st March, 2018 - ₹ 39,500)]						
C. Investments in Debentures or Bonds						
a) Investments in Quoted Debentures or Bonds measured at FVTOCI			79.51	80.47	-	-
b) Investments in Unquoted Debentures or Bonds measured at amortised cost			1.20	1.17	-	-
Total Investments in Debentures or Bonds		C	**80.71**	**81.64**	**-**	**-**
D. Investments in Quoted Mutual Funds measured at FVTPL			451.72	190.07	84.25	346.87
Amount included under the head "Current Investments"			-	-	(84.25)	(346.87)
Total Investments in Mutual Funds - Quoted		D	**451.72**	**190.07**	**-**	**-**
Total Non-Current Investments (A+B+C+D)			**1,395.16**	**1,084.03**	**-**	**-**
Total Non-Current Investments in Associate			**406.94**	**365.88**		
Total Non-Current Investments in Other entities			**988.22**	**718.15**		
Aggregate amount of quoted investments - At cost			**542.38**	**291.88**	-	-
Aggregate amount of quoted investments - At market value			**985.95**	**715.91**	-	-
Aggregate amount of unquoted investments - At carrying value			**409.21**	**368.12**	-	-
II. Current Investments						
A. Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))			-	-	84.25	346.87
ii. Investments in Liquid Mutual Funds			-	-	1,087.12	603.02
iii. Investments with original maturity more than three months but less than twelve months			-	-	-	106.78
Total Investments in Mutual Funds - Quoted (i+ii+iii)		A	**-**	**-**	**1,171.37**	**1,056.67**
B. Investments in Unquoted Government Securities measured at amortised cost		B	**-**	**-**	**3.16**	**-**
Total Current Investments (A+B)			**-**	**-**	**1,174.53**	**1,056.67**
Aggregate amount of quoted investments - At cost			**-**	**-**	**1,124.64**	**971.79**
Aggregate amount of quoted investments - At market value			**-**	**-**	**1,171.37**	**1,056.67**

Notes to the Consolidated Financial Statements

5. LOANS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Unsecured and Considered good				
(a) Sundry Deposits	78.58	81.44	15.47	12.70
(b) Finance Lease Receivables (Refer note 41 (IV))	0.02	0.03	0.12	0.11
Total	**78.60**	**81.47**	**15.59**	**12.81**

6. TRADE RECEIVABLES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Secured, considered good	-	-	58.86	10.88
(b) Unsecured, considered good	6.09	6.43	1,848.47	1,719.75
(c) Unsecured, considered doubtful	0.17	-	120.55	89.13
	6.26	**6.43**	**2,027.88**	**1,819.76**
Less : Allowance for unsecured doubtful debts	(0.17)	-	(120.55)	(89.13)
Total	**6.09**	**6.43**	**1,907.33**	**1,730.63**

7. OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Royalty receivable	-	-	0.79	0.32
Due from associate company (Refer note 33)	-	-	5.21	4.97
Subsidy Receivable from State Government	220.64	87.79	154.54	239.42
Other bank balances (Refer note 8 (B))	6.15	2.84	-	-
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.62	3.38
Quantity discount receivable	-	-	179.48	162.09
Bank deposits with more than 12 months of original maturity	-	56.90	177.78	166.05
Forward exchange contract (net)	-	-	0.01	-
Other receivable	-	3.75	4.54	4.55
Total	**226.79**	**151.28**	**525.97**	**580.78**

Notes to the Consolidated Financial Statements

8. CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(A) Cash and Cash Equivalents				
(a) Balances with Banks :				
(i) Current Accounts	-	-	146.53	176.63
(ii) Cash Credit Account##	-	-	11.90	3.06
(iii) Deposits with original maturity of less than 3 months	-	-	70.32	57.26
(b) Cheques, drafts on hand	-	-	46.84	74.53
(c) Cash on hand	-	-	0.38	0.64
Total	**-**	**-**	**275.97**	**312.12**
(B) Other Balances with Banks				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	-	-	150.05	78.39
(ii) Banks deposits with more than 12 months original maturity	-	0.31	-	-
(iii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	-	-	18.86	14.14
(iv) Term deposits held as margin money against bank guarantee and other commitments	6.15	2.53	-	-
	6.15	**2.84**	**168.91**	**92.53**
Amount included under the head "Other Financial Assets"	(6.15)	(2.84)	-	-
Total	**-**	**-**	**168.91**	**92.53**

Secured by hypothecation of inventories and trade receivables and carries interest rate @ 8.60% to 17.45% p.a (as at 31st March, 2018 : 8.15% to 8.30% p.a.)

* The Group can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

9. CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Advance payment of Income Tax (net)	158.87	68.30	-	-
Total	**158.87**	**68.30**	**-**	**-**

Notes to the Consolidated Financial Statements

10. OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Capital Advances	32.30	281.58	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	31.60	33.25	214.16	208.42
ii) Balances with government authorities	8.04	4.32	163.44	206.59
iii) Advances to employees	0.94	0.45	10.30	8.34
iv) Employee benefits assets (Refer note 32)	-	-	-	4.68
v) Duty Credit Entitlement	-	-	4.24	16.54
vi) Other Receivables	-	0.94	8.82	10.66
Total	**72.88**	**320.54**	**400.96**	**455.23**

11. INVENTORIES (At lower of cost and net realisable value)

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
(a) Raw materials	974.21	796.63
Raw materials-in-transit	191.29	185.57
	1,165.50	**982.20**
(b) Packing materials	54.13	57.07
(c) Work-in-progress	116.81	105.18
(d) Finished goods	1,388.69	1,161.55
Finished goods-in-transit	6.90	3.00
	1,395.59	**1,164.55**
(e) Stock-in-trade (acquired for trading)	308.26	236.04
Stock-in-trade (acquired for trading) in-transit	17.47	39.07
	325.73	**275.11**
(f) Stores, spares and consumables	91.38	74.20
Stores, spares and consumables-in-transit	0.72	-
	92.10	**74.20**
Total	**3,149.86**	**2,658.31**

The cost of inventories recognised as an expense during the year is disclosed in Note 24.

The cost of inventories recognised as an expense includes ₹ 6.61 crores (previous year ₹ 17.89 crores) in respect of write down of inventory to net realisable value. There has been no reversal of such write down in current and previous years.

Notes to the Consolidated Financial Statements

12. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at 31.03.2019 Carrying Value	As at 31.03.2018 Carrying Value
Plant and Equipment (i)	-	0.93
Freehold Land (ii)	14.46	13.97
Building (ii)	0.47	0.10
Total	**14.93**	**15.00**

(i) Assets relating to the Parent Company were disposed off during the year.

(ii) Subsidiaries of the Group intends to sell freehold land and building at Baddi and freehold land at Sanaswadi, as it no longer plans to utilise the same in the next 12 months. A search is underway for suitable buyer(s) for the said assets. No impairment loss was recognised in respect of these assets since the subsidiary expects that fair value less cost to sell would be higher than carrying amount.

13. EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Authorised		
99,50,00,000 Equity Shares of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of ₹ 100 each	0.50	0.50
	100.00	**100.00**
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Share of ₹ 1 each fully paid	95.92	95.92
	95.92	**95.92**

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Fully paid Equity Shares	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	95,91,97,790	95.92	95,91,97,790	95.92
Add: Issued during the year	-	-	-	-
At the end of the year	**95,91,97,790**	**95.92**	**95,91,97,790**	**95.92**

b) Terms/rights attached to equity shares

The Parent Company has only one class of shares referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

13. EQUITY SHARE CAPITAL (Contd.)

c) Details of Shareholders holding more than 5% equity shares in the parent company @

Name of Shareholders	As at 31.03.2019		As at 31.03.2018	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of ₹ 1 each held by:				
1. Smiti Holding and Trading Company Private Limited	5,40,84,120	5.64	5,40,84,120	5.64
2. Sattva Holding and Trading Private Limited	5,28,84,120	5.51	5,28,84,120	5.51
3. Geetanjali Trading and Investments Private Limited	4,92,67,440	5.14	4,92,67,440	5.14
4. Life Insurance Corporation of India	3,80,16,558	3.96	7,36,00,266	7.67

@ As per the records of the Parent Company, including its register of members

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.

The Board of Directors at its meeting held on 22nd October, 2018 declared an interim dividend of ₹ 2.85 (Rupees two and paise eighty five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 09th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and Paise sixty five only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March, 2019. If approved, the total dividend (interim and final dividend) for the financial year 2018-19 will be ₹ 10.50 (Rupees ten and Paise fifty only) per equity share of the face value of ₹ 1 each (₹ 8.70 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

Notes to the Consolidated Financial Statements

14 OTHER EQUITY

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other comprehensive income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-controlling interests	Total
Balance as at 1st April, 2018 (A)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96
Additions during the year :														
Profit for the year	-	-	-	-	-	2,159.49	-	-	-	-	-	2,159.49	52.42	2,211.91
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(5.56)	-	-	(5.56)	9.08	3.52
Remeasurement of defined benefit plans	-	-	-	-	-	(25.71)	-	-	-	-	-	(25.71)	0.17	(25.54)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	9.35	-	9.35	-	9.35
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(1.17)	-	-	-	(1.17)	-	(1.17)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.24	0.24	-	0.24
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,133.78	-	(1.17)	(5.56)	9.35	0.24	2,136.64	61.67	2,198.31
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(853.68)	-	-	-	-	-	(853.68)	(26.27)	(879.95)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(173.50)	-	-	-	-	-	(173.50)	-	(173.50)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.74	-	(0.74)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	0.74	-	(1,027.92)	-	-	-	-	-	(1,027.18)	(26.27)	(1,053.45)
Balance as at 31st March, 2019 (A+B+C)	39.16	44.38	5.37	13.68	4,715.75	4,653.64	(15.72)	(0.01)	(142.58)	110.90	(0.80)	9,423.77	363.05	9,786.82

14 OTHER EQUITY (Contd.)

1. **Description of nature and purpose of each reserve**

   Capital Reserve -

   a. Capital reserve of ₹ 5,000/- was created on merger of ' Pentasia Chemicals Ltd ' with the Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.

   b. Capital reserve of ₹ 44.38 crores was created on amalgamation of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Parent Company, with the Parent Company as per the order passed by the National Company Law Tribunal.

   Capital Reserve on Consolidation: During the year 2012-13, a Composite Scheme of Restructuring (‘Scheme’) as approved by Hon’ble High Court of Bombay was affected to transfer certain businesses between the Parent, PPG Asian Paints Pvt. Ltd. and Asian Paints PPG Pvt. Ltd. The Capital Reserve on Consolidation represents the additional net assets received by the Parent pursuant to the Scheme.

   Capital Redemption Reserve: This reserve was created for redemption of preference shares by the Group prior to 2003.

   General Reserve - General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income.

   Debt instruments through Other Comprehensive Income -This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and for impairment losses on such instruments.

   Equity instruments through Other Comprehensive Income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

   Foreign Currency Translation Reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the Other Comprehensive Income and accumulated in Foreign Currency Translation Reserve. Exchange difference previously accumulated in the Foreign Currency Translation Reserve are reclassified to profit or loss on the disposal of the foreign operation.

   Statutory Reserve - Certain subsidiaries of the Group are required to set aside a minimum amount of specified percentage of profits annually before distribution of dividends, in accordance with the local regulations. No furthur transfer is required when the reserve reaches certain percentage of the issued capital of the subsidiary. The statutory reserve may only be distributed to shareholders upon liquidation of the subsidiary or in the circumstances stipulated in the regulations.

   Other Reserve: Other reserve represents non-controlling interest reserve created on acquisition of additional stake of 49% from non-controlling shareholder of Sleek International Private Limited (Refer note 31(a)).

2. The Group doesn't have any material subsidiary warranting a disclosure in respect of individual subsidiaries.

Notes to the Consolidated Financial Statements

14 OTHER EQUITY (Contd.)

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other comprehensive income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-controlling interests	Total
Balance as at 1st April, 2017 (A)	39.16	44.38	5.37	11.90	4,715.75	2,688.71	-	3.77	(110.68)	110.91	(1.30)	7,507.97	375.45	7,883.42
Additions during the year :														
Profit for the year	-	-	-	-	-	2,038.93	-	-	-	-	-	2,038.93	58.59	2,097.52
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(26.34)	-	-	(26.34)	(5.34)	(31.68)
Remeasurement of defined benefit plans	-	-	-	-	-	8.60	-	-	-	-	-	8.60	(0.01)	8.59
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	(9.36)	-	(9.36)	-	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(2.61)	-	-	-	(2.61)	-	(2.61)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.26	0.26	-	0.26
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,047.53	-	(2.61)	(26.34)	(9.36)	0.26	2,009.48	53.24	2,062.72
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(987.98)	-	-	-	-	-	(987.98)	(32.93)	(1,020.91)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(199.44)	-	-	-	-	-	(199.44)	-	(199.44)
Effect of stake acquired from non controlling interest (Refer note 31 (a))	-	-	-	-	-	-	(15.72)	-	-	-	-	(15.72)	(34.41)	(50.13)
Disposal of Subsidiaries (Refer note 31 (c))	-	-	-	-	-	-	-	-	-	-	-	-	(33.70)	(33.70)
Transfer to Statutory Reserves and General Reserve	-	-	-	1.04	-	(1.04)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	1.04	-	(1,188.46)	(15.72)	-	-	-	-	(1,203.14)	(101.04)	(1,304.18)
Balance as at 31st March, 2018 (A+B+C)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96

Notes to the Consolidated Financial Statements

15. BORROWINGS ^

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Secured				
(i) Term Loans				
From banks +	7.92	17.59	10.82	11.03
(ii) Deferred payment liabilities				
Loan from State of Haryana ##	10.89	9.87	-	1.42
Finance Lease liability ### (Refer note 41 (III))	0.41	0.43	0.03	0.03
(iii) Loan repayable on demand from				
Banks or financial institutions **	-	-	19.95	16.48
Cash Credit / Overdraft Accounts**	-	-	58.88	22.48
Unsecured				
(i) Deferred payment liabilities				
Sales tax deferment scheme - State of Maharashtra *	0.26	0.44	0.17	0.20
(ii) Loan repayable on demand - from banks/financial institutions***	-	-	490.30	406.48
(iii) Loan repayable on demand - Cash Credit / Overdraft Accounts****	-	-	27.40	46.98
	19.48	**28.33**	**607.55**	**505.10**
Amount included under the head “Other Financial liabilities” (Refer note 16)	-	-	(11.02)	(12.68)
Total	**19.48**	**28.33**	**596.53**	**492.42**

Notes:

\+ Secured against mortgage on Building and Plant & Equipment of one of the subsidiary company. Non-current portion is repayable in quarterly installments by December 2020. [Interest rate : 4% p.a. (Previous year : 4%)]

The Parent Company is eligible to avail interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April 2010. For the year ended 31st March, 2011, 31st March 2012 and 31st March 2013, the Parent Company has already received the interest free loan of ₹ 3.41 crores, ₹ 5.90 crores and ₹ 7.89 crores respectively. Loan received post transition to Ind AS (w.e.f 01.04.2015) are recognised at fair value using prevailing market interest rate for equivalent loan. The difference between the gross proceeds and fair value of the loan is the benefit derived from the interest free loan and is recognised as deferred income (Refer note 18).

This loan is secured by way of a bank guarantee issued by the Parent Company and is repayable after a period of 5 years from the date of receipt of interest free loan. For the year ended 31st March, 2014, 31st March, 2015, 31st March, 2016 and 31st March, 2017, the Parent Company had made the necessary application to the Haryana Government for the issue of eligibility certificate.

Secured by assets taken on finance lease by the respective subsidiaries. Effective interest rate: 2018-19: 9.5% p.a (Previous year : 9.5% p.a).

** Secured against the fixed deposits, receivables, inventories, property, plant and equipment of certain subsidiary companies carry interest rate @ 4.75% - 8.40% p.a. (Previous year : 4% - 9% p.a.)

* Sales tax deferral scheme - State of Maharashtra represents sales tax deferment availed under the sales tax deferment scheme of Government of Maharashtra. It has a deferment period of 10 years and is repayable over 5 yearly installments as per repayment schedule starting from 2011. The accumulated sales tax deferral loan till 31st March 2019 is ₹ 0.43 crores (Previous year : ₹ 0.64 crores).

*** Loan from banks / financial instruments bear interest at rates ranging from 1.55% to 2.17% p.a. and are repayable in within 12 months (Previous year : 1.1% to 1.6% p.a.)

**** Unsecured cash credit/overdraft facility with banks carries interest rates of 7.60% to 7.75% p.a.(Previous year : 7.6 % p.a. to 8.9% p.a)

^ Default in terms of repayment of principal and interest - NIL

Notes to the Consolidated Financial Statements

16. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Current maturities of Long-term debt (Refer note 15)	-	-	10.99	12.65
(b) Current maturities of finance lease obligations (Refer note 15)	-	-	0.03	0.03
(c) Investor education and protection fund #				
(i) Unpaid/ Unclaimed dividend	-	-	18.86	14.11
(ii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	-	-	-	0.04
	-	**-**	**18.86**	**14.15**
(d) Others				
Retention monies relating to capital expenditure	1.38	0.65	77.25	75.40
Trade deposits (from certain customers)	1.59	2.19	0.07	1.56
Payable towards capital expenditure	0.20	-	156.89	205.52
Payable towards services received	-	-	321.74	275.87
Payable towards stores spares and consumables	-	-	10.02	8.54
Payable to employees [including ₹ 5.25 crores due to Managing Director (as at 31st March, 2018 ₹ 4.50 crores)]	-	-	198.30	142.84
Payable towards other expenses (Refer note 39) [including ₹ 3.97 crores due to Non-Executive Directors (as at 31st March, 2018 ₹ 3.90 crores)]	0.77	1.95	840.85	625.66
Interest accrued but not due on borrowings	-	-	-	0.22
Others	-	0.20	16.44	1.29
	3.94	**4.99**	**1,621.56**	**1,336.90**
Total	**3.94**	**4.99**	**1,651.44**	**1,363.73**

\# **Investor Education and Protection Fund** ('IEPF') - As at 31st March, 2019, there is no amount due and outstanding to be transferred to the IEPF by the Parent Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

17. PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Provision for Employee Benefits (Refer note 32)				
Provision for Compensated absences	120.55	108.18	17.57	19.62
Provision for Gratuity and Pension (funded)	1.92	2.90	15.12	1.45
Provision for Pension, Leaving Indemnity, Medical Plan and Others (unfunded)	25.90	23.15	0.30	0.34
Provision for Post retirement medical and other benefits	5.42	3.95	9.09	2.62
Others	0.05	0.17	1.98	-
	153.84	**138.35**	**44.06**	**24.03**
(b) Others (Refer note 42)				
Provision for Excise	-	-	0.63	0.71
Provision for CST/VAT and Other Statutory Liabilities	1.75	1.77	28.90	29.53
Provision for Warranties	-	-	2.62	2.33
	1.75	**1.77**	**32.15**	**32.57**
Total	**155.59**	**140.12**	**76.21**	**56.60**

Notes to the Consolidated Financial Statements

18. OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Revenue received in advance				
Advance received from customers	-	-	13.20	16.27
(b) Other Payables				
Statutory Dues Payables	-	-	143.24	260.57
Deferred income arising from government grant (Refer note 15)	1.52	2.61	1.06	1.06
Others	1.47	0.96	6.37	4.99
	2.99	**3.57**	**150.67**	**266.62**
Total	**2.99**	**3.57**	**163.87**	**282.89**

19. TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises	61.37	39.88
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,332.97	2,120.08
Total	**2,394.34**	**2,159.96**

* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Parent Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 320.06 crores (Previous year ₹ 165.42 crores).

Notes to the Consolidated Financial Statements

20. INCOME TAXES

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Consolidated Statement of Profit and Loss		
Current tax		
In respect of current year	940.35	1,041.30
Adjustments in respect of previous year	2.40	(0.63)
Deferred tax:		
In respect of current year	156.65	(0.59)
Adjustments in respect of deferred tax of previous year	(0.58)	0.12
Minimum Alternative Tax (MAT) Credit utilised	-	0.76
Income tax expense reported in the Consolidated Statement of Profit and Loss	**1,098.82**	**1,040.96**
(ii) Income tax recognised in OCI		
Deferred tax:		
Deferred tax expense/ (benefit) on fair value gain on investments in debt instruments through OCI	0.15	2.30
Deferred tax expense on remeasurements of defined benefit plans	14.07	4.58
Income tax expense recognised in OCI	**14.22**	**6.88**
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit for the period before Share of Profit in Associate	**3,269.91**	**3,022.69**
Income tax expense calculated at 34.944% (Previous year 34.608%)	1,142.63	1,046.09
Prior years' tax loss carry forward utilised	-	-
Tax effect on non-deductible expenses	28.43	27.52
Incentive tax credits	(55.74)	(16.05)
Effect of Income which is taxed as special rates	(9.35)	(11.33)
Effect of Income that is exempted from tax	(15.28)	(14.21)
Effect of different tax rates in the components	(21.32)	(21.23)
Deferred Tax on undistributed profits	9.62	11.53
Others	18.01	19.15
Total	**1,097.00**	**1,041.47**
Adjustments in respect of current income tax of previous year	2.40	(0.63)
Adjustments in respect of deferred income tax of previous year	(0.58)	0.12
Income tax expense reported in the Consolidated Statement of Profit and Loss	**1,098.82**	**1,040.96**

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (31st March, 2018: 34.608%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31st March, 2019

(₹ in Crores)

Particulars	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2018	01.04.2018	2018-19	2018-19	31.03.2019	31.03.2019
Deferred Tax relates to following :						
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(378.88)	(2.12)	(150.73)	-	(530.07)	(2.07)
Provision for expense allowed for tax purpose on payment basis (Net)	50.09	2.41	(4.35)	-	44.61	3.54
Retirement Benefit Plans	(8.04)	3.77	-	14.07	6.13	3.68
Allowance for doubtful debts and advances	0.38	-	-	-	0.38	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	3.36	-	(1.73)	-	1.64	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.45)	-	-	0.15	(0.30)	-
Net fair value loss on investments through FVTPL	(17.38)	-	0.04	-	(17.34)	-
Capital losses carried forward under Income Tax	-	(2.07)	0.96	-	-	(1.59)
Undistributed profits of subsidiaries	(64.47)	-	(7.61)	-	(72.27)	-
Others	(1.73)	17.61	6.77	-	-	23.40
Deferred tax (expense) / income			**(156.65)**	**14.22**		
Net Deferred tax assets/(liabilities) of earlier years	-	-	0.58	-	(0.50)	1.08
Currency translation gain	-	-	-	(0.30)	-	-
Net Deferred tax assets/(liabilities)	**(417.12)**	**19.60**			**(567.72)**	**28.04**

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

As at 31st March, 2018 (₹ in Crores)

Particulars	Balance Sheet		Pursuant to disposal & acquisition [Refer note 31 (c) & 31 (d)]	Profit and Loss*	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net				Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2017	01.04.2017	2017-18	2017-18	2017-18	31.03.2018	31.03.2018
Deferred Tax relates to following							
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(335.24)	(0.13)	(50.13)	(2.85)	-	(378.88)	(2.12)
Provision for expense allowed for tax purpose on payment basis (Net)	43.04	0.25	-	9.22	-	50.09	2.41
Retirement Benefit Plans	(5.62)	3.88	1.61	0.64	(4.58)	(8.04)	3.77
Allowance for doubtful debts and advances	0.38	-	-	-	-	0.38	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	5.06	-	-	(1.70)	-	3.36	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	1.85	-	-	-	(2.30)	(0.45)	-
Net fair value loss on investments through FVTPL	(12.75)	-	-	(4.63)	-	(17.38)	-
Capital losses carried forward under Income Tax	-	(0.86)	(2.10)	0.78	-	-	(2.07)
Undistributed profits of subsidiaries	(53.42)	-	(6.11)	(4.51)	-	(64.47)	-
Others	(2.49)	13.02	4.11	2.88	-	(1.73)	17.61
Deferred tax (expense) / income			**(52.62)**	**(0.17)**	**(6.88)**		
Net Deferred tax assets/ (liabilities) of earlier years	-	-	-	(0.12)	-	-	-
Currency translation gain	-	-	-	-	5.30	-	-
Net Deferred tax assets/ (liabilities)	**(359.19)**	**16.16**				**(417.12)**	**19.60**

* Includes deferred tax of 'Discontinued operations' (Refer note 31(c))

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

The Parent and its Subsidiaries have the following unused tax losses which arose on incurrence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the balance sheet.

As at 31st March, 2019

Financial Year	Category	31.03.2019	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Depreciation	1.12	NA
2012-2013	Business loss/Capital loss	0.10	31st March, 2021
2013-2014	Business loss	0.83	31st March, 2022
2013-2014	Depreciation	15.64	NA
2013-2014	Depreciation	0.97	NA
2013-2014	Business loss/Capital loss	1.35	31st March, 2022
2014-2015	Business loss	11.45	31st March, 2023
2014-2015	Depreciation	12.61	NA
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss/Capital loss	0.26	31st March, 2023
2014-2015	Business Loss	0.09	31st March, 2020
2015-2016	Business loss	10.46	31st March, 2024
2015-2016	Depreciation	15.82	NA
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss/Capital loss	0.10	31st March, 2024
2015-2016	Business Loss	7.76	31st March, 2021
2016-2017	Business loss	13.46	31st March, 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss/Capital loss	0.59	31st March, 2025
2016-2017	Business Loss	19.40	31st March, 2022
2017-2018	Business loss	13.82	31st March, 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.89	NA
2017-2018	Business loss/Capital loss	0.30	31st March, 2026
2017-2018	Business Loss	39.77	31st March, 2023
2018-2019	Business loss	15.74	31st March, 2027
2018-2019	Depreciation	7.27	NA
2018-2019	Depreciation	1.74	NA
2018-2019	Business Loss	49.05	31st March, 2024

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

As at 31st March, 2018

Financial Year	Category	31.03.2018	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Business Loss / Capital loss	0.10	31st March, 2021
2012-2013	Depreciation	1.12	NA
2013-2014	Business loss	0.83	31st March, 2022
2013-2014	Business Loss / Capital loss	1.35	31st March, 2022
2013-2014	Depreciation	0.97	NA
2013-2014	Depreciation	15.64	NA
2014-2015	Depreciation	12.61	NA
2014-2015	Business loss	0.08	31st March, 2020
2014-2015	Business Loss / Capital loss	0.26	31st March, 2023
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss	11.45	31st March, 2023
2015-2016	Business Loss / Capital loss	0.10	31st March, 2024
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss	7.53	31st March 2021
2015-2016	Business loss	10.46	31st March 2024
2015-2016	Depreciation	15.82	NA
2016-2017	Depreciation	10.75	NA
2016-2017	Business Loss / Capital loss	0.59	31st March, 2025
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss	24.21	31st March, 2025
2016-2017	Business loss	18.84	31st March, 2022
2017-2018	Business loss	5.29	31st March, 2026
2017-2018	Depreciation	8.69	NA
2017-2018	Business loss	38.61	31st March, 2023

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is ₹ 308.65 crores (2017-18 : ₹ 229.80 crores). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

Notes to the Consolidated Financial Statements

21. CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Provision for Income Tax (net)	146.48	95.47
Total	**146.48**	**95.47**

22 A. REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from sale of products (including excise duty)	19,091.21	16,963.35
Revenue from sale of services	80.79	74.91
Other operating revenues*	177.84	223.97
Total#	**19,349.84**	**17,262.23**

Consequent to the introduction of Goods and Services Tax (GST) in India w.e.f. 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed in GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of 'Revenue'. Accordingly, the figures for the year ended 31st March, 2018 is not strictly relatable to previous year. The following additional information is being provided to facilitate such understanding:

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from operations (A)	19,349.84	17,262.23
Excise duty on sale (B)	-	418.47
Revenue from operations excluding excise duty on sale (A-B)	**19,349.84**	**16,843.76**

* The Company's manufacturing facility at Khandala, Maharashtra has been granted "Mega Project Status" by Government of Maharashtra (GoM) and hence is eligible for Industrial Promotion Subsidy (IPS) under Package Scheme of Incentive, 2007 in the form of refund of VAT paid to Maharashtra Government, exemption on electricity duty and stamp duty within a period of 9 years from the date of commencement of commercial production, restricted to a maximum of 100% of fixed capital investment as per the Eligibility Certificate issued by Director of Industries, Government of Maharashtra. Based on Memorandum of Understanding and clarifications from GoM, the Company has continued to recognise the incentive computed based on SGST paid to GoM. Further, in terms of the Ind AS 20 - "Accounting for Government Grants and Disclosure of Government Assistance", eligible incentive as mentioned above amounting to ₹133.41 crores (Previous year ₹ 162.36 crores) for year ended 31st March, 2019 is credited to Consolidated Statement of Profit and Loss and included under the head "Other operating income" on accrual basis.

Notes to the Consolidated Financial Statements

22 B. REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. Revenue from contracts with customers disaggregated based on nature of product or services		
Revenue from sale of products (including excise duty)		
Paints and allied products	18,685.29	16,635.87
Home improvement	405.92	327.48
Total	**19,091.21**	**16,963.35**
Revenue from sale of services		
Revenue from home solutions operations	12.48	9.73
Revenue from painting and related services	62.09	57.05
Other services	6.22	8.13
Total	**80.79**	**74.91**
Other operating revenues		
Processing and service income	17.96	44.15
Scrap sales	20.16	13.77
Others	4.13	2.76
Total	**42.25**	**60.68**
Other Income (Refer note 23(c)(ii))		
Royalty received		
- From associate	3.34	3.44
- From others	0.28	0.32
Total	**3.62**	**3.76**
Total	**19,217.87**	**17,102.70**
B. Revenue from contracts with customers disaggregated based on geography		
Home	19,079.55	16,914.06
Exports	138.32	188.64
Total	**19,217.87**	**17,102.70**

(₹ in Crores)

	Year 2018-19	Year 2017-18
Reconciliation of Gross Revenue with the Revenue from Contracts with Customers		
Gross Revenue	22,025.51	19,780.45
Less: Discounts	2,807.64	2,677.75
Net Revenue recognised from Contracts with Customers	**19,217.87**	**17,102.70**

The Group has recognised revenue of ₹ 13.57 crores (31st March, 2018: ₹ 10.46 crores) from the amounts included under advance received from customer at the beginning of the year.

The amounts receivable from customers become due after expiry of credit period which is maximum 210 days. There is no significant financing component in any transaction with the customers.

The Group provides agreed upon specification warranty for selected range of products. The amount of liability towards such warranty is immaterial. (Refer note 42)

The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Notes to the Consolidated Financial Statements

23. OTHER INCOME

(₹ in Crores)

	Year 2018-19	Year 2017-18
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	5.84	19.56
Other financial assets carried at amortised cost	33.65	19.93
	39.49	**39.49**
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	5.36	5.29
Dividends from mutual fund investments measured at FVTPL	34.33	32.47
	39.69	**37.76**
(c) Other non-operating income		
(i) Insurance claim received	1.28	0.51
(ii) Royalty received		
- From associate (Refer note 33)	3.34	3.44
- From others	0.28	0.32
	3.62	**3.76**
(iii) Net gain arising on financial assets measured at FVTPL#	52.76	54.33
(iv) Others	76.03	54.53
	133.69	**113.13**
(d) Other gains and losses		
Net foreign exchange gains (Other than considered as finance cost)	-	29.77
Net gain on sale of property, plant and equipment	14.18	0.47
	14.18	**30.24**
Total	**227.05**	**220.62**

* This relates to investments held at the end of reporting period

\# Includes gain on sale of financial assets measured at FVTPL for ₹ 10.29 crores (Previous year ₹ 10.48 crores).

Notes to the Consolidated Financial Statements

24(A). COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2018-19	Year 2017-18
Raw Materials Consumed		
Opening Stock	982.20	814.86
Add : Pursuant to acquisition (Refer note 31(d))	-	19.39
Add : Purchases	8,919.12	7,327.24
	9,901.32	**8,161.49**
Less: Closing Stock	1,165.50	982.20
	8,735.82	**7,179.29**
Less : Pursuant to disposal (Refer note 31 (c))	-	14.74
	8,735.82	**7,164.55**
Packing Materials Consumed		
Opening Stock	57.07	55.23
Add : Pursuant to acquisition (Refer note 31(d))	-	2.54
Add : Purchases	1,617.94	1,423.50
	1,675.01	**1,481.27**
Less : Closing Stock	54.13	57.07
	1,620.88	**1,424.20**
Less : Pursuant to disposal (Refer note 31 (c))	-	3.34
	1,620.88	**1,420.86**
Total Cost of Materials Consumed	**10,356.70**	**8,585.41**

24(B). PURCHASES OF STOCK-IN-TRADE

	Year 2018-19	Year 2017-18
24(B). PURCHASES OF STOCK-IN-TRADE	**1,278.93**	**963.62**

24(C). CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	Year 2018-19	Year 2017-18
Stock at the beginning of the year		
Finished Goods (including goods in transit)	1,164.55	1,381.31
Work-in-Progress	105.18	85.92
Stock-in-trade acquired for trading (including goods in transit)	275.11	222.30
Less : Pursuant to disposal (Refer note 31 (c))	-	18.90
	1,544.84	**1,670.63**
Add : Pursuant to acquisition (Refer note 31(d))	-	16.34
Total	**1,544.84**	**1,686.97**
Stock at the end of the year		
Finished Goods (including goods in transit)	1,395.59	1,164.55
Work-in-Progress	116.81	105.18
Stock-in-trade acquired for trading (including goods in transit)	325.73	275.11
Total	**1,838.13**	**1,544.84**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	**(293.29)**	**142.13**

Notes to the Consolidated Financial Statements

25. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Salaries and wages	1,101.90	969.32
Contribution to provident and other funds (Refer note 32)	67.52	62.94
Staff welfare expenses	100.60	83.22
Total	**1,270.02**	**1,115.48**

26. OTHER EXPENSES

(₹ in Crores)

	Year 2018-19	Year 2017-18
Consumption of stores, spares and consumables	53.82	48.24
Power and fuel	102.66	94.36
Processing charges	131.61	110.05
Repairs and maintenance:		
Buildings	19.25	23.69
Machinery	34.82	28.76
Other assets	40.55	60.08
	94.62	**112.53**
Rent [Refer note 41 (II)]	259.93	239.32
Rates and taxes	18.61	24.58
Water charges	5.51	4.75
Insurance	11.19	12.06
Printing, stationery and communication expenses	50.86	53.04
Travelling expenses	127.85	104.59
Donations	0.26	0.69
Corporate social responsibility expenses	53.75	46.67
Commission to Non Executive Directors	3.97	3.90
Directors' sitting fees	1.89	2.51
Payment to auditors	4.94	4.43
Bank charges	5.31	6.40
Net loss on foreign currency transactions and translations (other than considered as finance cost)	5.99	-
Information technology expenses	59.66	58.00
Legal and professional expenses	40.20	46.78
Training and recruitment	36.91	37.86
Freight and handling charges	1,151.86	980.09
Advertisement expenses	796.43	662.70
Bad debts written off	3.28	4.95
Allowances for doubtful debts (net)	28.64	10.63
Security expenses	37.58	31.47
Electricity expenses	11.86	11.19
Miscellaneous expenses	105.44	108.51
Total	**3,204.63**	**2,820.30**

Notes to the Consolidated Financial Statements

27. FINANCE COSTS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	20.50	12.72
(b) Interest on bill discounting	23.89	17.52
(c) Net foreign exchange loss on borrowings (considered as finance cost)	-	0.78
(d) Interest on loan from State of Haryana	1.03	0.91
(e) Other interest expense	2.44	1.54
Total interest expense for financial liabilities carried at amortised cost	**47.86**	**33.47**
Interest on income tax	3.14	1.60
Total	**51.00**	**35.07**

28. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Depreciation of Property, plant and equipment (Refer note 2)	396.39	325.69
Amortisation of Intangible assets (Refer note 3)	34.28	34.78
Total	**430.67**	**360.47**

29(A). CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)(D) & 4(II)(A)	451.72	190.07	1,171.37	1,056.67
Investments in unquoted equity shares	4(I)(A)(b)(ii)	1.07	1.07	-	-
Forward exchange contract (net)	7	-	-	0.01	-
		452.79	**191.14**	**1,171.38**	**1,056.67**
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares #	4(I)(A)(a)	454.72	445.37	-	-
Investments in quoted debentures or bonds	4(I)(C)(a)	79.51	80.47	-	-
		534.23	**525.84**	**-**	**-**
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)B	*	*	-	-
Investments in unquoted debentures or bonds	4(I)(C)(b) & 4(II)(B)	1.20	1.17	3.16	-
Sundry deposits	5	78.58	81.44	15.47	12.70
Finance lease receivables	5	0.02	0.03	0.12	0.11
Trade receivables	6	6.09	6.43	1,907.33	1,730.63
Royalty receivable	7	-	-	0.79	0.32

Notes to the Consolidated Financial Statements

29(A). CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (Contd.)

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Subsidy receivable from state government	7	220.64	87.79	154.54	239.42
Interest accrued on investments in debentures or bonds measured at FVTOCI	7	-	-	3.62	3.38
Quantity discount receivable	7	-	-	179.48	162.09
Bank deposits with more than 12 months of original maturity	7	-	56.90	177.78	166.05
Dues from associate company	7	-	-	5.21	4.97
Other receivables	7	-	3.75	4.54	4.55
Cash and Cash Equivalents	8 A	-	-	275.97	312.12
Other Bank Balances	7 & 8 B	6.15	2.84	168.91	92.53
		312.68	**240.35**	**2,896.92**	**2,728.87**
Financial liabilities measured at amortised cost					
Loan from State of Haryana	15	10.89	9.87	-	1.42
Sales tax deferment scheme - State of Maharashtra	15	0.26	0.44	0.17	0.20
Term loan from Bank	15	7.92	17.59	10.82	11.03
Finance lease liability	15	0.41	0.43	0.03	0.03
Loan repayable on demand - from banks / financial institutions	15 & 16	-	-	510.25	422.96
Loan repayable on demand - cash credit / overdraft accounts	15	-	-	86.28	69.46
Retention monies relating to capital expenditure	16	1.38	0.65	77.25	75.40
Payable towards capital expenditure	16	0.20	-	156.89	205.52
Payable towards services received	16	-	-	321.74	275.87
Payable towards stores spares and consumables	16	-	-	10.02	8.54
Payable to employees	16	-	-	198.30	142.84
Unpaid/unclaimed dividend	16	-	-	18.86	14.11
Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	16	-	-	-	0.04
Trade deposits from certain customers	16	1.59	2.19	0.07	1.56
Interest accrued but not due on borrowings	16	-	-	-	0.22
Payable towards other expenses	16	0.77	1.95	840.85	625.66
Trade payables (including Acceptances)	19	-	-	2,394.34	2,159.96
Others	16	-	0.20	16.44	1.29
		23.42	**33.32**	**4,642.31**	**4,016.11**

Investments in these equity instruments are not held for trading. Upon the application of Ind AS 109 - Financial Instruments, the Group has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and loss relating to these investments in the Consolidated Statement of Profit and Loss may not be indicative of the performance of the Group.

* ₹ 39,500 /-

Notes to the Consolidated Financial Statements

29(B). FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

As at 31st March, 2019 (₹ in Crores)

Financial assets	Fair value	Fair value hierarchy		
	As at 31.03.2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer note 4(I)(A)(a))	454.72	454.72	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a))	79.51	79.51	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II) (A))	1,623.09	1,623.09	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(b)(ii))	1.07	-	-	1.07
Financial assets measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 7)	0.01	0.01	-	-

As at 31st March, 2018 (₹ in Crores)

Financial assets	Fair value	Fair value hierarchy		
	As at 31.03.2018	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer note 4(I)(A)(a))	445.37	445.37	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a))	80.47	80.47	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II)(A))	1,246.74	1,246.74	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(b)(ii))	1.07	-	-	1.07

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cashflows and financial position of the Group.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31st March, 2019 would decrease/increase by ₹ 2.60 crores (Previous Year ₹ 2.73 crores).

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts with average maturity of less than one month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments (trade payables). The Group's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

(₹ in Crores)

Currency	Liabilities		Assets	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
USD	563.25	626.95	156.82	264.63
EUR	94.75	79.08	9.30	107.15
GBP	7.54	6.72	3.44	3.20
SEK	0.08	0.05	-	-
SGD	0.33	0.74	0.02	0.86
JPY	14.18	-	-	3.52
AED	15.97	25.00	56.85	53.11
Others	0.82	0.41	28.31	8.67

Notes to the Consolidated Financial Statements

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (Contd.)

b) Foreign Currency Risk (Contd.)

The above table represents total exposure of the Company towards foreign exchange denominated liabilities (net). Out of the above, details of exposures hedged using forward exchange contracts are given below:

Currency	Number of Contracts	Buy Amount	Indian Rupee Equivalent
		(USD in mn.)	(₹ in Crores)
Forward contract to buy USD - As at 31.03.2019	25.00	19.61	135.84
Forward contract to buy USD - As at 31.03.2018	-	-	-

(₹ in Crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2018-19	Year 2017-18	As at 31.03.2019	As at 31.03.2018
5%	(14.63)	(13.04)	(14.63)	(13.04)
(5%)	14.63	13.04	14.63	13.04

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Parent Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2019, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 454.72 crores (Previous year ₹ 445.37 crores). The details of such investments in equity instruments are given in Note 4 (I)(A)(a).

The Parent Company is also exposed to price risk arising from investments in bonds recognised at FVTOCI. As at 31st March, 2019, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 79.51 crores (Previous year ₹ 80.47 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 4 (I)(C)(a).

The Parent Company is mainly exposed to change in market rates of its investments in equity investments recognised at FVTOCI. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2019, other comprehensive income for the year ended 31st March, 2019 would increase/decrease by ₹ 40.18 crores and 45.47 crores (2017-18: ₹ 41.27 crores and ₹ 44.54 crores respectively) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2019. 10% represents management's assessment of reasonably possible change in equity prices.

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. The Group's exposure to credit risk is disclosed in Note 4 (except equity shares and bonds), 5, 6, 7 and 8B. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

The average credit period on sales of products and services is a maximum of 210 days. Credit risk arising from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and accordingly individual credit limits are defined. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (Contd.)

2) Credit Risk (Contd.)

For trade receivables, as a practical expedient, the Group companies compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period for the Parent Company is as follows:

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

(₹ in Crores)

Movement in expected credit loss allowance on trade receivables	2018-19	2017-18
Balance at the beginning of the year	89.13	86.64
Loss allowance measured at lifetime expected credit losses	31.59	2.49
Balance at the end of the year	**120.72**	**89.13**

3) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by having adequate amount of credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Crores)

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
At 31st March, 2019					
Borrowings (Refer note 15)	596.53	22.39	-	618.92	616.01
Trade Payables (Refer note 19)	2,394.34	-	-	2,394.34	2,394.34
Other financial liabilities (Refer note 16)	1,651.44	3.94	-	1,655.38	1,655.38
At 31st March, 2018					
Borrowings (Refer note 15)	492.42	32.26	-	524.68	520.75
Trade Payables (Refer note 19)	2,159.96	-	-	2,159.96	2,159.96
Other financial liabilities (Refer note 16)	1,363.73	4.99	-	1,368.72	1,368.72

Notes to the Consolidated Financial Statements

29(D). CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 15 and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as presented in the statements of changes in equity.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

30. DIVIDEND

(₹ in Crores)

	Year 2018-19	Year 2017-18
Dividend on equity shares paid during the year		
Final dividend for the FY 2017-18 [₹ 6.05 (Previous year ₹ 7.65*) per equity share of ₹ 1 each]	580.31	733.79
Dividend distribution tax on final dividend	118.80	147.89
Interim dividend for the FY 2018-19 [₹ 2.85 (Previous year ₹ 2.65) per equity share of ₹ 1 each]	273.37	254.19
Dividend distribution tax on interim dividend	54.70	51.55
	1,027.18	**1,187.42**

Proposed Dividend:

The Board of Directors at its meeting held on 09th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and Paise sixty five only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2019. The same amounts to ₹ 884.62 crores including dividend distribution tax of ₹ 150.83 crores.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

* Includes special dividend of ₹ 2 per share declared on occasion of completion of 75 years of the Company.

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS

a) Acquisition of additional stake in Sleek International Private Limited

During the previous year on 11th December, 2017, the Parent Company purchased balance stake of 49% from the non-controlling shareholders of Sleek International Private Limited ('Sleek'), subsidiary of the Company, for a consideration (including transaction cost) of ₹ 50.13 crores. The carrying value of net asset attributable to non-controlling shareholders is ₹ 34.41 crores on the acquisition date. The difference between consideration paid and net asset has been recognised as non-controlling interest reserve. Sleek has since then become a wholly owned subsidiary of the Company.

b) Acquisition of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited

During the previous year on 12th December, 2017, the Company had acquired 100% stake in Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'). Reno owns land in Mumbai which the Company intends to use for meeting its growing infrastructure requirements. The total consideration transferred in cash (including direct cost incurred for acquisition of shares) is ₹ 161.42 crores.

c) Discontinued operations

During the previous year on 16th June, 2017, Asian Paints International Private Limited, Singapore ('APIPL') (formerly known as Berger International Private Limited), subsidiary of the Company entered into a Share Purchase Agreement with ANSA Coatings International Limited, St. Lucia for divestment of its entire stake in Lewis Berger (Overseas Holdings) Limited, UK ('LBOH'). LBOH was the holding company for three subsidiaries in the Caribbean region viz., Berger Paints Barbados Limited, Berger Paints Jamaica Limited and Berger Paints Trinidad Limited.

Notes to the Consolidated Financial Statements

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS (Contd.)

c) Discontinued operations (Contd.)

The said transaction was concluded on 24th July, 2017 and profit or loss of discontinued operation and the resultant gain on disposal has been included in the Consolidated Financial Statements as profit from discontinued operations for year ended 31st March, 2018.

Analysis of profit for the year from discontinued operations:

The results of the discontinued operations included in the profit for the year ended 31st March, 2018 are as set below:

(₹ in Crores)

Particulars	Year 2017-18
Revenue	43.43
Expenses	40.31
Profit before tax from discontinued operations	**3.12**
Tax expense of discontinued operations	0.59
Profit after tax from discontinued operations (A)	**2.53**
Gain on disposal of LBOH (net of tax) (B)	67.47
Profit after tax from discontinued operations (A+B)	**70.00**
Profit after tax from discontinued operations attributable to Owners of the Company	69.69
Amount reclassified from other comprehensive income and included in gain on disposal	
Exchange difference loss arising on translation of foreign operations	23.85

(₹ in Crores)

Analysis of cash flow from discontinued operations	Year 2017-18
Net cash (outflow) from operating activities	(2.13)
Net cash (outflow) from investing activities	(1.07)
Net cash (outflow) from financing activities	(1.48)

Computation of gain of disposal of LBOH	Year 2017-18
Cash consideration received	182.22
Less: Carrying value of net asset sold (net of non-controlling interest)	90.90
Less: Exchange difference arising on translation of foreign operations	23.85
Gain on disposal	**67.47**

Notes to the Consolidated Financial Statements

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS (Contd.)

c) Discontinued operations (Contd.)

(₹ in Crores)

Carrying amount of LBOH's assets and liabilities disposed:	24th July 2017
Property, plant and equipment	30.71
Non-current assets	5.38
Current assets	
Inventories	46.39
Trade receivables	36.57
Cash and bank balances	41.54
Other assets	2.85
Total assets	**163.44**
Deferred tax liabilities	1.23
Current Liabilities	
Trade payables and other liabilities	30.00
Bank loans and overdrafts	9.49
Total Liabilities	**40.72**
Net assets derecognized	**122.72**

(₹ in Crores)

Net cash inflow from LBOH	24th July 2017
Cash consideration received	182.22
Less: Cash and cash equivalents disposed of	41.54
Net cash inflow from LBOH	**140.68**

d) Acquisition of Causeway Paints Lanka (Private) Limited

During the previous year on 3rd April, 2017, Asian Paints International Private Limited ('APIPL'), Singapore, a wholly owned subsidiary of the Company had acquired 100% stake in Causeway Paints Lanka (Private) Limited ('CPLPL'). CPLPL is engaged in manufacturing, selling and distribution of paint and related products in Sri Lanka. The acquisition was made to increase the Group's base in Sri Lanka.

32. EMPLOYEE BENEFITS

1) Post-employment benefits :

The group has the following post-employment benefit plans:

a) Defined benefit gratuity plan

The Parent and Indian subsidiaries operate defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund or a financial institution. It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. In case of the Parent, the fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. In case of Indian subsidiaries, the fund is managed by Life Insurance Corporation (LIC) and every year the required contribution amount is paid to LIC.

As the plan assets include significant investments in quoted debt and equity instruments the Parent is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Fair value of the Parent's own transferable financial instruments held as plan assets: NIL

b) Defined benefit pension plan

The Parent 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. Certain overseas subsidiaries also operate defined benefit plans for

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

b) Defined benefit pension plan (Contd.)

their pensioners. These plans are salary defined benefit plans and are fully funded. The assets of the fund are held separately from those of the subsidiaries in an independently administered fund. The plans are funded by payments from employees and the subsidiaries based on the recommendations of independent qualified actuaries.

c) Defined benefit post-retirement medical benefit plan

The Parent and certain overseas subsidiaries operate a defined post retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

d) Leaving Indemnity plan

Certain overseas subsidiaries provide Leaving Indemnity plan benefits based on last drawn basic salary at the time of separation in accordance with the local labour laws.

Asset-Liability Matching (for gratuity and pension plan-funded)

Each year, the Board of Trustees and the Parent review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Parent decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of sovereign debt instruments, debt instruments of Corporates and equity instruments. The Parent company aims to keep annual contributions relatively stable at a level such that no significant plan deficits (based on valuation performed) will arise.

Every two years an Asset-Liability Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability mismatch. There has been no change in the process used by the Parent to manage its risks from prior periods.

For overseas subsidiaries, pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. Investments are reviewed on a periodical basis after taking into account the expected payments and contributions to the fund to ensure liquidity to ensure the funds are able to pay pensioners as and when they are due.

Aforesaid post-employment benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	These plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa. A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

Actuarial Valuation

The above mentioned plans are valued by independent actuaries using the Projected Unit Credit Method. The information that follows is extracted from the actuarial reports of the subsidiaries. The independent actuaries who carried out the actuarial valuations as at 31st March, 2019 are as follows: -

1. TransValue Consultants
2. Padma Radya Aktuaria
3. Actuarial & Management Consultants (Pvt) Limited
4. Aon Consulting Private Ltd

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

The following tables summarise the components of net defined benefit expense recognised in the Consolidated Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		Gratuity and Pension (Funded)		Pension, Leaving Indemnity, Gratuity and Medical Plan (Unfunded)	
		As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
(i)	**Opening defined benefit obligation**	**168.92**	**276.93**	**25.02**	**27.39**
(ii)	Obligation on acquisitions of a subsidiary	-	-	-	2.98
(iii)	Obligation on disposals of a subsidiary	-	(112.34)	-	(7.17)
(iv)	Current service cost	9.85	13.09	3.26	2.78
(v)	Interest cost	12.89	11.90	1.91	1.78
(vi)	Past Service Cost	1.82	4.47	-	-
(vii)	**Sub-total included in statement of profit and loss (iv+v+vi)**	**24.56**	**29.46**	**5.17**	**4.56**
(viii)	Experience adjustment (gain) / loss	5.56	(2.94)	(0.82)	0.14
(ix)	Financial (gain) / loss	0.10	(7.62)	(0.66)	(0.97)
(x)	Demographic (gain) / loss	1.14	(3.29)	(0.05)	0.01
(xi)	**Sub-total included in other comprehensive income (viii+ix+x)**	**6.80**	**(13.85)**	**(1.53)**	**(0.82)**
(xii)	Benefits paid	(21.88)	(11.34)	(1.61)	(1.50)
(xiii)	Annuities purchased	-	-	-	-
(xiv)	Exchange difference on Foreign Plans	(0.05)	0.06	0.76	(0.42)
(xv)	Member Contributions	-	-	-	-
(xvi)	**Closing defined benefit obligation (i+ii+iii+vii+xi+xii+xiii+xiv+xv)**	**178.35**	**168.92**	**27.81**	**25.02**
(xvii)	**Opening fair value of plan assets**	**169.25**	**294.34**	**-**	**-**
(xviii)	Obligation on acquisitions of a subsidiary	-	-	-	-
(xix)	Obligation on disposals of a subsidiary	-	(124.80)	-	-
(xx)	Administration expenses paid	(0.04)	(0.03)	-	-
(xxi)	Expected return on plan assets	13.08	12.10	-	-
(xxii)	**Sub-total included in statement of profit and loss (xx+xxi)**	**13.04**	**12.07**	**-**	**-**
(xxiii)	Actuarial gains	(6.04)	(1.50)	-	-
(xxiv)	**Sub-total included in other comprehensive income (xxiii)**	**(6.04)**	**(1.50)**	**-**	**-**
(xxv)	Contributions by employer	6.99	0.37	-	-
(xxvi)	Annuities purchased	-	-	-	-
(xxvii)	Exchange difference on Foreign Plans	(0.04)	0.11	-	-
(xxviii)	Member contributions	-	-	-	-
(xxix)	Benefits paid	(21.88)	(11.34)	-	-
(xxx)	Closing unrecognised asset due to asset ceiling	-	-	-	-
(xxxi)	**Closing fair value of plan assets (xvii+ xviii+ xix+ xxii+ xxiv+ xxv+ xxvi+ xxvii + xxviii + xix + xxx)**	**161.32**	**169.25**	**-**	**-**
	Expense recognised in:				
(xxxii)	**Statement of profit and loss (vii-xxii)**	**11.52**	**17.39**	**5.17**	**4.56**
(xxxiii)	**Statement of other comprehensive income (xi-xxiv)**	**12.84**	**(12.35)**	**(1.53)**	**(0.82)**

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in Crores)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Government of India Securities (Central and State)	92.26	89.21
High quality corporate bonds (including Public Sector Bonds)	55.60	64.51
Equity instruments	5.31	4.76
Insurer Managed Funds & T-bills	-	4.79
Cash (including Bank Balance, Special Deposit Scheme)	0.44	0.02
Others	2.77	5.95

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group plans are shown below:

	Gratuity and Pension (Funded)		Pension, Leaving Indemnity, Gratuity and Medical Plan (Unfunded)	
	As at 31-Mar-2019	As at 31-Mar-2018	As at 31-Mar-2019	As at 31-Mar-2018
Discount Rate	7.4% to 7.7%	7.7 % to 8.5 %	4.5 % to 11%	4.5 % to 10.5 %
Salary Escalation Rate	8% to 10%	8% to 12 %	4.5 % to 11%	4.5 % to 11 %

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Crores)

	Defined Benefits Plan		Leaving Indemnity Plan and Retiree Medical Plan	
	As at 31.03.2019	As at 3.03.2018	As at 31.03.2019#	As at 3.03.2018
Defined Benefit Obligation - Discount Rate + 100 basis points	(12.71)	(12.24)	(0.28)	(1.76)
Defined Benefit Obligation - Discount Rate - 100 basis points	13.49	12.97	0.29	1.94
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	12.29	11.68	-	1.58
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(11.70)	(11.40)	-	(1.42)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The average duration of the defined benefit plan obligation at the end of the reporting period ranges from 10.24 years to 12.41 years (31st March, 2018: 10.57 years to 12.39 years).

The Group expects to make a contribution of ₹ 31.45 crores (Previous year ₹ 13.12 crores) to the defined benefit plans during the next financial years.

Sensitivity analysis does not include impact of overseas subsidiaries as the same is not material.

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

e) Provident Fund

The provident fund assets and liabilities of the Parent Company is managed by its provident fund trusts. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Parent or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2019.

The details of benefit obligation and plan assets of the provident funds as at 31st March, 2019 is as given below:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at period end	513.94	461.80
Plan assets at period end, at fair value, restricted to asset recognized in balance sheet	513.94	461.80

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

Particulars	As at 31.03.2019	As at 31.03.2018
Discounting Rate	7.57%	7.81%
Expected Guaranteed interest rate	8.65%*	8.55%

* Rate mandated by EPFO for the FY 2018-19 and the same is used for valuation purpose.

2) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2019 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 10.32 crores (Previous year ₹ 7.65 crores)

Financial Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Discount Rate	4.5% to 11%	4.5 % to 10.5 %
Basic salary increases allowing for Price inflation	All Grades- 9% for first 3 years 8% thereafter	All Grades- 9% for first 2 years 8% thereafter

Demographic Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Employee Turnover	1.8% to 30%	1.8% to 30%
Leave Availment Ratio	2% to 5%	2% to 5%

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019

a) Key Managerial Personnel:

Name of the Director	Designation
Shri K. B. S. Anand	Managing Director & CEO
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs
Non-Executive Directors	
Late Shri. Ashwin Choksi (upto 19th September 2018)	Shri. Deepak Satwalekar
Shri. Ashwin Dani	Dr. S. Sivaram
Shri. Abhay Vakil	Shri. Mahendra Shah (upto 31st March, 2019)
Shri. Mahendra Choksi (upto 31st March, 2019)	Shri. S. Ramadorai (upto 31st March, 2019)
Shri. Malav Dani	Shri. M.K. Sharma
Ms. Amrita Vakil	Mrs. Vibha Paul Rishi
Shri. Manish Choksi (w.e.f. 22nd October, 2018)	Shri. R Seshasayee

b) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri. Manish Choksi*

Shri. Varun Vakil

* The Board of Directors of the Company at their meeting held on 22nd October, 2018 approved the appointment of Mr. Manish Choksi as a Non-Executive Director, effective immediately. In view of this, Mr. Manish Choksi has stepped down as the President - International, IT, HR and Chemicals.

c) Entities where Directors/Close family members of Directors having control/significant influence:

c.1. Entities where Directors/Close family members of Directors of Parent Company having control/significant influence:

Asteroids Trading And Investments Pvt Ltd	Hitech Corporation Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
Addverb Technologies Pvt Ltd *	Hitech Specialities Solutions Ltd.	Resins And Plastics Ltd.
ARI Designs LLP	Jalaj Trading And Investment Company Pvt. Ltd.	Ricinash Oil Mill Ltd.
Castle Investment & Industries Pvt. Ltd.	Jaldhar Investments And Trading Company Pvt. Ltd	Rupen Investment And Industries Pvt. Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Parekh Plast India Ltd.	Satyadharma Investments And Trading Company Pvt Ltd.
Dani Charitable Foundation	Lambodar Investments And Trading Company Ltd.	Sattva Holding and Trading Pvt. Ltd.
Dani Finlease Ltd.	Lyon Investment And Industries Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Doli Trading And Investments Pvt. Ltd.	Murahar Investments And Trading Company Ltd.	Sudhanva Investments And Trading Company Pvt.Ltd.
Elcid Investments Ltd.	Navbharat Packaging Industries Ltd.	Suptaswar Investments And Trading Company Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Nehal Trading And Investments Pvt. Ltd.	Tru Trading And Investments Pvt. Ltd.
Geetanjali Trading And Investments Pvt. Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Unnati Trading And Investments Pvt. Ltd.
Gujarat Organics Ltd.	Piramal Swasthya Management and Research Institute ^	Vikatmev Containers Ltd.
Hiren Holdings Pvt. Ltd.	Pragati Chemicals Ltd.	

* w.e.f. 12th February, 2018

^ w.e.f. 28th March, 2018

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

c.2. Entities where Key Managerial Personnel of Group companies exercise significant influence/control :

ASAMCO Trading & Industry Plc

Monesh T Ahuja*

* Upto 11th December, 2017

d) Other entities where significant influence exist :

i) Post employment-benefit plan entity:

Asian Paints (India) Limited Employees' Gratuity Fund

ii) Others :

Asian Paints Office Provident Fund (Employee benefit plan)

Asian Paints Factory Employees' Provident Fund (Employee benefit plan)

Asian Paints Management Cadres' Superannuation Scheme (Employee benefit plan)

e) Associates :

PPG Asian Paints Private Limited

Wholly owned subsidiaries of PPG Asian Paints Private Limited:

a) Revocoat India Private Limited

b) PPG Asian Paints Lanka Private Limited

f) Details of related party transactions during the year ended 31st March, 2019:

(₹ in Crores)

Particulars	Associates		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other entities where significant influence exist	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue from sale of products	18.40	15.84	-	-	-	-	0.28	12.30	-	-
Processing of goods (Income)	19.69	23.62	-	-	-	-	-	-	-	-
Royalty income	3.78	3.94	-	-	-	-	-	-	-	-
Other non operating income	11.28	10.99	-	-	-	-	-	-	-	-
Other services – Paid	-	-	-	-	-	-	0.03	0.04	-	-
Reimbursement of expenses - received	0.33	0.24	-	-	-	-	-	-	-	-
Purchase of goods	0.23	0.17	-	-	-	-	537.55	434.77	-	-
Purchase of assets	-	-	-	-	-	-	3.73	0.44	-	-
Remuneration	-	-	16.91	14.43	3.25	4.49	-	-	-	-
Retiral benefits	-	-	0.18	0.21	3.50	2.32	-	-	-	-
Commission to Non-executive Directors	-	-	3.97	3.90	-	-	-	-	-	-
Sitting Fees Paid to Non-executive Directors	-	-	0.68	0.71	-	-	-	-	-	-

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

f) Details of related party transactions during the year ended 31st March, 2019: (Contd.)

(₹ in Crores)

Particulars	Associates		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other entities where significant influence exist	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Reimbursement of Expenses - paid	0.12	1.81	-	-	-	-	-	-	-	-
Dividend Paid	-	-	35.75	40.59	54.91	64.68	360.02	416.30	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	96.06	57.58
Advance given	-	-	-	-	-	-	-	0.88	-	-
Sale of assets	0.27	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Expenses	-	-	-	-	-	-	3.17	-		
Others	0.45	-	-	-	-	-	-	-		
Outstanding as at 31st March										
Advances	-	-	-	-	-	-	-	0.73	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	8.92	8.30	-	-	-	-	#	1.79	-	-
Trade and other payables	0.50	0.20	9.22	8.40	-	-	6.20	24.58	29.14	5.09

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors- Current year - ₹ 37,858/-

Terms and conditions of transactions with related parties

1. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

Compensation of key managerial personnel of the Parent Company:

(₹ in Crores)

	2018-19	2017-18
Short-term employee benefits	21.56	19.04
Post-employment benefits	0.18	0.21
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total compensation paid to key managerial personnel	**21.74**	**19.25**

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Disclosure in respect of significant transactions of the same type with related parties during the year:

(₹ in Crores)

	2018-19	2017-18
Revenue from sale of products		
PPG Asian Paints Private Limited	18.40	15.27
Others	0.28	12.87
	18.68	**28.14**
Processing of Goods (Income)		
PPG Asian Paints Private Limited	19.69	23.62
	19.69	**23.62**
Royalty Income		
PPG Asian Paints Private Limited	3.78	3.94
	3.78	**3.94**
Other non operating income		
PPG Asian Paints Private Limited	11.11	10.84
Others	0.17	0.15
	11.28	**10.99**
Other Services Paid		
ARI Designs LLP	0.03	0.04
	0.03	**0.04**
Reimbursement of Expenses – Received		
PPG Asian Paints Private Limited	0.33	0.24
	0.33	**0.24**
Purchase of Goods		
Hitech Corporation Ltd	341.91	266.69
Parekhplast India Limited	122.90	109.90
Others	72.97	58.35
	537.78	**434.94**
Purchase of Assets		
Addverb Technologies Pvt Ltd	3.73	0.44
	3.73	**0.44**
Remuneration		
Shri. K.B.S. Anand	11.81	10.57
Shri. Jayesh Merchant	5.10	3.85
Shri. Manish Choksi	2.80	3.48
Shri. Jalaj Dani	-	0.60
Others	0.45	0.42
	20.16	**18.92**
Retiral Benefits		
Shri. Manish Choksi	3.50	-
Shri. Jalaj Dani	-	2.32
Late Shri. Ashwin Choksi	0.03	0.07
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.08	0.07
	3.68	**2.53**

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Disclosure in respect of significant transactions of the same type with related parties during the year:(Contd.)

(₹ in Crores)

	2018-19	2017-18
Commission to Non Executive Directors		
Shri. Mahendra Choksi	0.28	0.28
Late Shri. Ashwin Choksi	0.18	0.36
Shri. Ashwin Dani	0.35	0.32
Shri. Abhay Vakil	0.28	0.28
Shri. Malav Dani	0.30	0.30
Ms. Amrita Amar Vakil	0.28	0.28
Others	2.30	2.08
	3.97	**3.90**
Sitting Fees Paid to Non Executive Directors		
Shri. M K Sharma	0.08	0.08
Shri. Mahendra Shah	0.07	0.06
Shri. Abhay Vakil	0.07	0.07
Others	0.46	0.50
	0.68	**0.71**
Reimbursement of Expenses – Paid		
PPG Asian Paints Private Limited	0.12	1.73
Others	-	0.08
	0.12	**1.81**
Dividend Paid		
Smiti Holding And Trading Company Private Limited	48.13	55.71
Sattva Holding and Trading Private Limited	47.07	54.47
Others	355.48	411.39
	450.68	**521.57**
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	51.43	33.28
Asian Paints Factory Employees Provident Fund	35.43	21.83
Asian Paints Management Cadres Superannuation Scheme	2.20	2.47
Asian Paints (India) Limited Employees' Gratuity Fund	7.00	-
	96.06	**57.58**
Advance given		
Addverb Technologies Private Limited	-	0.88
	-	**0.88**
Sale of Assets		
PPG Asian Paints Private Limited	0.27	-
	0.27	**-**
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	3.17	-
	3.17	**-**
Others		
PPG Asian Paints Private Limited	0.45	-
	0.45	**-**

Notes to the Consolidated Financial Statements

34. INVESTMENT IN AN ASSOCIATE

The Group has a 50% interest in PPG Asian Paints Private Limited, which is involved in the manufacture of original equipment manufacturer coatings. PPG Asian Paints Private Limited is a private entity that is not listed on any public exchange. The Group's interest in PPG Asian Paints Private Limited is accounted for using the equity method in the Consolidated Financial Statements. The following table illustrates the summarised financial information of the Group's investment in PPG Asian Paints Private Limited:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Current Assets	734.46	731.10
Non-current Assets	405.77	291.78
Current Liabilities	(307.28)	(269.01)
Non-current Liabilities	(19.07)	(22.10)
Equity	**813.88**	**731.77**
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	406.94	365.88

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue	1,350.75	1,298.10
Cost of raw material and components consumed	(899.04)	(819.89)
Depreciation & amortization	(16.63)	(15.80)
Finance cost	(0.01)	(0.04)
Employee benefit	(98.34)	(93.25)
Other expenses	(220.87)	(219.40)
Profit before tax	**115.86**	**149.72**
Income tax expense	(34.22)	(58.13)
Profit for the year	**81.64**	**91.59**
Group's share of profit for the year	**40.82**	**45.79**
Group's share of other comprehensive income for the year	**0.24**	**0.26**
Group's total comprehensive income for the year	**41.06**	**46.05**

The associate had the following contingent liabilities and capital commitments:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Contingent liabilities:		
Indirect tax demands disputed in appeals	19.42	30.24
Direct Tax demand disputed in appeals	79.44	55.81
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	44.30	73.26

35. SEGMENT REPORTING

Basis of Segmentation:

Factors used to identify the reportable segments:

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes.

Reportable Segment	Operations
Paints	Buying and Manufacturing of Paints and related services
Home Improvement	Buying and Manufacturing of Kitchen products along with related services and Bath Fitting products along with related services

Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

The measurement principles of segments are consistent with those used in Significant Accounting Policies. Inter-segment transactions are determined on an arm's length basis.

(₹ in Crores)

	2018-19			2017-18		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
A. Segment Revenue	18,933.36	416.48	**19,349.84**	16,927.18	335.05	**17,262.23**
B. Segment Result	3,567.19	(53.18)	**3,514.01**	3,260.51	(31.95)	**3,228.56**
C. Specified Amounts Included in Segment Results						
Depreciation and amortisation	371.16	6.36	377.52	306.24	6.56	312.80
Interest income	15.77	0.02	15.79	14.56	0.10	14.66
Net foreign exchange loss	4.67	(0.08)	4.59	10.92	(0.37)	10.55
Finance costs	41.69	4.41	46.10	30.53	2.82	33.35
Dividend income	1.20	-	1.20	1.20	-	1.20
Share of profit of associate	40.82	-	40.82	45.79	-	45.79
D. Reconciliation of Segment Result with Profit after Tax						
Segment Result	3,567.19	(53.18)	3,514.01	3,260.51	(31.95)	3,228.56
Add/(Less):						
Interest income			23.70			24.83
Depreciation and amortisation			(53.15)			(47.67)
Net foreign exchange (loss)/gain			(1.40)			40.32
Dividend received			38.49			36.56
Net gain arising on financial assets measured at FVTPL			52.76			54.33
Finance costs			(4.90)			(1.72)
Income taxes			(1,098.82)			(1,040.96)
Other Un-allocable Expenses net of Un-allocable Income			(258.78)			(266.73)
Profit from Continuing Operation after Tax as per Statement of Profit and Loss			**2,211.91**			**2,027.52**

Notes to the Consolidated Financial Statements

35. SEGMENT REPORTING (Contd.)

(₹ in Crores)

	31.03.2019			31.03.2018		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
Other Information						
Segment assets	12,300.57	347.73	12,648.30	10,871.21	302.77	11,173.98
Un-allocable assets			3,013.03			2,609.10
Total assets			**15,661.33**			**13,783.08**
Segment liabilities	4,978.95	206.12	5,185.07	4,485.80	133.97	4,619.77
Un-allocable liabilities			593.52			425.43
Total liabilities			**5,778.59**			**5,045.20**
Capital expenditure	1,279.93	8.58	1,288.51	1,762.77	4.78	1,767.55
Un-allocable capital expenditure			65.78			68.09
Total			**1,354.29**			**1,835.64**

(₹ in Crores)

Revenue from External Customers	2018-19	2017-18
Domestic Operations	17,016.04	15,080.42
International Operations	2,333.80	2,181.81
Total	**19,349.84**	**17,262.23**

(₹ in Crores)

Segment Non Current Assets*	31.03.2019	31.03.2018
Domestic Operations	5,320.53	4,572.11
International Operations	972.07	954.08
Total	**6,292.60**	**5,526.19**

* Non Current Assets are excluding financial instruments, deferred tax assets and post-employment benefit assets.

Reconciliation between Segment Revenue and Revenue from Contracts with Customers

(₹ in Crores)

	2018-19			2017-18		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
Revenue from sale of products (including excise duty)	18,685.29	405.92	19,091.21	16,635.87	327.48	16,963.35
Revenue from sale of services	74.67	6.12	80.79	70.10	4.81	74.91
Other operating revenues	173.40	4.44	177.84	221.21	2.76	223.97
Revenue from operations (Refer note 22A)	**18,933.36**	**416.48**	**19,349.84**	**16,927.18**	**335.05**	**17,262.23**
Adjustments :						
Add : Items not part of Revenue from operations						
i) Royalty received						
- From Associate	3.34	-	3.34	3.44	-	3.44
- from others	0.28	-	0.28	0.32	-	0.32
Less : Items not part of Revenue from contract with customer (Other operating income)						
i) Lease rent	2.18	-	2.18	0.93	-	0.93
ii) Subsidy from government	133.41	-	133.41	162.36	-	162.36
Revenue from contracts with customers (Refer note 22B)	**18,801.39**	**416.48**	**19,217.87**	**16,767.65**	**335.05**	**17,102.70**

Notes to the Consolidated Financial Statements

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 :

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	89.8	8,886.85	96.3	2,127.38	133.9	(18.18)	96.0	2,109.20
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.1	7.51	-	(0.41)	0.5	(0.07)	-	(0.48)
Maxbhumi Developers Limited	-	(1.89)	-	0.28	-	-	-	0.28
Sleek International Private Limited	(0.6)	(59.63)	(1.0)	(22.82)	0.8	(0.11)	(1.0)	(22.93)
Asian Paints PPG Private Limited	0.3	33.50	0.1	1.54	-	-	0.1	1.54
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	-	(0.66)	-	(0.51)	-	-	-	(0.51)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.0	95.54	1.2	25.62	-	-	1.2	25.62
Asian Paints International Private Limited (fomerly known as Berger International Private Limited)	3.7	362.07	(1.9)	(42.83)	-	-	(1.9)	(42.83)
Indirect Subsidiaries								
Samoa Paints Limited	-	0.31	-	0.74	-	-	-	0.74
Asian Paints (South Pacific) Pte Limited	0.4	35.46	0.3	7.67	-	-	0.3	7.67
Asian Paints (Tonga) Limited	-	(0.41)	(0.1)	(1.13)	-	-	(0.1)	(1.13)
Asian Paints (S I) Limited	-	4.94	0.1	3.02	-	-	0.1	3.02
Asian Paints (Vanuatu) Limited	-	0.31	-	1.10	-	-	0.1	1.10
Asian Paints (Middle East) LLC	0.4	37.76	0.2	5.06	(0.1)	0.01	0.2	5.07
Asian Paints (Bangladesh) Limited	0.1	8.45	(0.7)	(15.86)	1.8	(0.25)	(0.7)	(16.11)
SCIB Chemicals S.A.E.	0.4	41.59	0.3	6.37	-	-	0.3	6.37
Asian Paints (Lanka) Limited	-	(4.73)	-	1.06	(0.8)	0.11	0.1	1.17
Berger Paints Singapore Pte Limited	(0.8)	(82.39)	(0.4)	(7.97)	-	-	(0.4)	(7.97)
Berger Paints Bahrain W.L.L.	0.4	37.13	0.9	19.83	(1.3)	0.17	0.9	20.00
Berger Paints Emirates LLC	0.8	81.04	0.1	2.32	(3.3)	0.45	0.1	2.77
Nirvana Investments Limited	-	2.19	-	-	-	-	-	-
Enterprise Paints Limited	(0.2)	(20.29)	-	-	-	-	-	-
Universal Paints Limited	-	3.75	1.0	22.44	-	-	1.0	22.44
Lewis Berger (Overseas Holdings) Limited	-	-	-	-	-	-	-	-
Berger Paints Jamaica Limited	-	-	-	-	-	-	-	-
Berger Paints Trinidad Limited	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 : (Contd.)

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Berger Paints Barbados Limited	-	-	-	-	-	-	-	-
Kadisco Paint and Adhesive Industry Share Company	(0.2)	(21.21)	0.6	12.67	(1.5)	0.20	0.6	12.87
PT Asian Paints Indonesia	(1.1)	(107.76)	(2.2)	(48.32)	(0.4)	0.05	(2.2)	(48.27)
PT Asian Paints Color Indonesia	(0.1)	(13.74)	-	(0.65)	-	-	-	(0.65)
Causeway Paints Lanka (Private) Limited	(0.7)	(64.64)	1.4	31.68	(0.7)	0.09	1.4	31.77
Minority Interests in all subsidiaries	3.7	363.05	2.4	52.42	(68.0)	9.25	2.8	61.67
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	2.6	258.64	1.4	31.21	(1.8)	0.24	1.4	31.45
Foreign Currency Translation Reserve (FCTR)	-	-	-	-	40.9	(5.56)	(0.3)	(5.56)
Total	**100.0**	**9,882.74**	**100.0**	**2,211.91**	**100.0**	**(13.60)**	**100.0**	**2,198.31**

Note : The above figures are after eliminating intra group transcations and intra group balances as at 31st March, 2019.

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2017-18		2017-18		2017-18		2017-18	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	89.3	7,797.71	90.6	1,900.95	11.4	(3.97)	91.8	1,896.98
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.1	7.99	-	(0.42)	(0.1)	0.02	-	(0.40)
Maxbhumi Developers Limited	-	(2.17)	-	(0.45)	-	-	-	(0.45)
Sleek International Private Limited	(0.4)	(36.69)	(0.4)	(7.86)	-	(0.01)	(0.4)	(7.87)
Asian Paints PPG Private Limited	0.4	31.96	0.2	4.27	(0.2)	0.08	0.2	4.35
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	-	(0.15)	-	(0.15)	-	-	-	(0.15)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	0.9	76.50	1.2	24.47	0.4	(0.13)	1.2	24.34

Notes to the Consolidated Financial Statements

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 : (Contd.)

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2017-18		2017-18		2017-18		2017-18	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Asian Paints International Private Limited (fomerly known as Berger International Private Limited)	2.8	245.40	(0.9)	(18.47)	-	-	(0.9)	(18.47)
Indirect Subsidiaries								
Samoa Paints Limited	-	0.30	-	0.61	-	-	-	0.61
Asian Paints (South Pacific) Pte Limited	0.3	29.35	0.5	11.22	-	-	0.5	11.22
Asian Paints (Tonga) Limited	-	1.93	-	0.30	-	-	-	0.30
Asian Paints (S I) Limited	-	4.31	0.2	3.41	-	-	0.2	3.41
Asian Paints (Vanuatu) Limited	-	0.09	0.1	1.07	-	-	0.1	1.07
Asian Paints (Middle East) LLC	0.4	31.84	0.2	5.11	0.4	(0.13)	0.2	4.98
Asian Paints (Bangladesh) Limited	0.3	26.96	0.1	1.56	(0.9)	0.31	0.1	1.87
SCIB Chemicals S.A.E.	0.4	34.65	0.5	10.35	-	-	0.5	10.35
Asian Paints (Lanka) Limited	-	(3.28)	-	0.31	0.1	(0.05)	-	0.26
Berger Paints Singapore Pte Limited	(0.4)	(35.34)	(0.2)	(3.69)	-	-	(0.2)	(3.69)
Berger Paints Bahrain W.L.L.	0.4	36.89	0.9	18.08	(0.1)	0.03	0.9	18.11
Berger Paints Emirates LLC	0.8	73.93	0.5	11.14	(1.2)	0.41	0.6	11.55
Nirvana Investments Limited	-	2.16	-	1.02	-	-	-	1.02
Enterprise Paints Limited	(0.2)	(20.23)	0.1	1.68	-	-	0.1	1.68
Universal Paints Limited	-	4.15	1.1	24.00	-	-	1.2	24.00
Lewis Berger (Overseas Holdings) Limited	-	-	-	1.03	-	-	-	1.03
Berger Paints Jamaica Limited	-	-	0.1	1.18	-	-	0.1	1.18
Berger Paints Trinidad Limited	-	-	-	(0.88)	-	-	-	(0.88)
Berger Paints Barbados Limited	-	-	0.1	1.21	-	-	0.1	1.21
Kadisco Paint and Adhesive Industry Share Company	(0.2)	(18.35)	0.7	13.82	-	0.01	0.7	13.83
PT Asian Paints Indonesia	(0.7)	(58.11)	(1.7)	(35.91)	0.1	(0.02)	(1.7)	(35.93)
PT Asian Paints Color Indonesia	(0.1)	(12.70)	(0.2)	(3.28)	-	-	(0.2)	(3.28)
Causeway Paints Lanka (Private) Limited	(0.4)	(36.06)	1.8	37.29	(0.2)	0.07	1.8	37.36
Minority Interests in all subsidiaries	3.7	327.65	2.8	58.59	15.3	(5.34)	2.6	53.25
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	2.6	227.19	1.7	35.96	(0.7)	0.26	1.8	36.22
Foreign Currency Translation Reserve (FCTR)	-	-	-	-	75.7	(26.34)	(1.3)	(26.34)
Total	**100.0**	**8,737.88**	**100.0**	**2,097.52**	**100.0**	**(34.80)**	**100.0**	**2,062.72**

Note : The above figures are after eliminating intra group transcations and intra group balances as at 31[st] March 2018.

Notes to the Consolidated Financial Statements

37. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent Liabilities:

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
1	Performance Bonds and Immigration Bonds given by Subsidiaries	6.01	10.54
2	Claims against the Group not acknowledged as debts		
	i. Tax matters in dispute under appeal	191.55	209.36
	ii. Others	33.27	27.63

(b) Commitments:

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
1	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	i. Towards Property, Plant and Equipment	121.08	774.08
	ii. Towards Intangible Assets	3.47	18.96
2	Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31st March.	124.51	221.08
3	For Lease commitments, (Refer note 41 II (b) & 41 III (b))		
4	For derivative contract related commitments, (Refer note 29 C)		

38. DETAILS OF SUBSIDIARIES AND ASSOCIATE

A. Subsidiaries:

The subsidiary companies considered in the Consolidated Financial Statements are:

i. Direct Subsidiaries

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Asian Paints (Nepal) Private Limited	Nepal	51.00	51.00	14th Mar 2018 -14th Mar 2019
Asian Paints International Private Limited*	Singapore	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints Industrial Coatings Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Refer note 31 (b))	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Maxbhumi Developers Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Sleek International Private Limited (Refer note 31 (a))	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints PPG Private Limited	India	50.00	50.00	1st Apr 2018 - 31st Mar 2019

*Asian Paints International Private Limited was formerly known as Berger International Private Limited.

ii. Indirect Subsidiaries

a) Subsidiaries of Asian Paints (International) Private Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Singapore Pte Limited	Singapore	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Lewis Berger (Overseas Holdings) Limited (Refer note 31(c))	UK	-	-	N.A.
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00	1st Apr 2018 - 31st Mar 2019

Notes to the Consolidated Financial Statements

38. DETAILS OF SUBSIDIARIES AND ASSOCIATE (Contd.)

ii. Indirect Subsidiaries (Contd.)

a) Subsidiaries of Asian Paints (International) Private Limited (Contd.)

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
PT Asian Paints Indonesia	Indonesia	100.00	100.00	1st Apr 2018 - 31st Mar 2019
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (South Pacific) Limited	Fiji Islands	54.07	54.07	1st Apr 2018 - 31st Mar 2019
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Bangladesh) Limited	Bangladesh	89.78	89.78	1st Apr 2018 - 31st Mar 2019
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00	49.00	1st Apr 2018 - 31st Mar 2019
SCIB Chemicals S.A.E.	Egypt	60.00	60.00	1st Apr 2018 - 31st Mar 2019
Samoa Paints Limited	Samoa	80.00	80.00	1st Apr 2018 - 31st Mar 2019
Asian Paints(Vanuatu) Limited	Republic of Vanuatu	60.00	60.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Lanka) Limited	Sri Lanka	99.18	99.18	1st Apr 2018 - 31st Mar 2019
Causeway Paints (Lanka) Pvt Ltd (Refer note 31(d))	Sri Lanka	100.00	100.00	1st Apr 2018 - 31st Mar 2019

b) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019

c) Subsidiary of Nirvana Investments Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Emirates LLC	U.A.E.	100.00	100.00	1st Apr 2018 - 31st Mar 2019

d) Subsidiary of Lewis Berger (Overseas Holdings) Limited (Refer note 31 (c)):

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Jamaica Limited	Jamaica	-	-	NA
Berger Paints Trinidad Limited	Trinidad	-	-	NA
Berger Paints Barbados Limited	Barbados	-	-	NA

e) Subsidiary of Universal Paints Limited:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00	1st Apr 2018 - 31st Mar 2019

B. Associates:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
PPG Asian Paints Private Limited	India	50.00	50.00	1st Apr 2018 - 31st Mar 2019
Subsidiaries of PPG Asian Paints Private Limited:				
Revocoat India Private Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
PPG Asian Paints Lanka Private Limited	Sri Lanka	100.00	100.00	1st Apr 2018 - 31st Mar 2019

39. The Parent Company has recognised ₹ 34.00 crores, being the change in remeasurement of the defined benefit plans, in Other Comprehensive Income during the year end 31st March, 2019 due to impairment in the value of investments made in securities of IL&FS Limited and IL&FS Financial Services Limited by the trust managing the defined benefit plans of the Parent Company.

Notes to the Consolidated Financial Statements

40. EARNINGS PER SHARE

	Year 2018-19	Year 2017-18
Basic and diluted earnings per share from continuing operations in rupees (face value – ₹ 1 per share)	22.51	20.53
Profit after tax from continuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	2,159.49	1,969.24
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790
Basic and diluted earnings per share from discontinuing operations in rupees (face value – ₹ 1 per share)	-	0.73
Profit after tax from discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	-	69.69
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790
Basic and diluted earnings per share from continuing and discontinuing operations in rupees (face value – ₹ 1 per share)	22.51	21.26
Profit after tax from continuing and discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	2,159.49	2,038.93
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790

Earnings Per Share amounts are calculated by dividing the profit for the year attributable to owners of the Parent by the weighted average number of Equity shares outstanding during the year.

41. PURSUANT TO IND AS-17 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED:

I. Assets given on operating leases

(a) Certain subsidiaries have provided tinting systems to its dealers on an operating lease basis. The lease period varies between four to nine years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement.

(b) Future minimum lease rentals receivable as at 31st March, 2019 as per the lease agreements:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Not Later than 1 year	0.01	0.02
Later than 1 year and not later than 5 years	0.04	0.09
Later than 5 years	0.85	0.11
Total	**0.90**	**0.22**

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

(c) The initial direct cost relating to acquisition of tinting system is capitalised.

(d) The information on gross amount of leased assets, depreciation and impairment is given in Note 2.

II. Assets taken on operating leases

(a) The Group has taken certain assets such as Vehicles, Computers, Information Technology hardware and Office space on operating lease. The lease rentals are payable by the Group on a monthly or quarterly basis. In addition, certain overseas subsidiaries have also taken certain assets on operating lease.

Notes to the Consolidated Financial Statements

41. PURSUANT TO IND AS-17 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED: (Contd.)

II. Assets taken on operating leases (Contd.)

(b) Future minimum lease rentals payable under non-cancellable lease agreements are as under :

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Not Later than 1 year	39.76	31.47
Later than 1 year and not later than 5 years	63.15	44.17
Later than 5 years	37.47	40.85
Total	**140.38**	**116.49**

(c) Lease payments recognized in the Consolidated Statement of Profit and Loss for the year is ₹ 259.93 Crores (Previous year ₹ 239.32 crores).

III. Assets taken on finance lease

(a) Certain subsidiaries have taken vehicles 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, 2019 as per the lease agreements are as under:

(₹ in Crores)

	As at 31.03.2019			As at 31.03.2018		
	Minimum lease payment	Finance charge allocated to future periods	Present Value	Minimum lease payment	Finance charge allocated to future periods	Present Value
Not Later than 1 year	0.07	0.04	0.03	0.07	0.04	0.03
Later than 1 year and not later than 5 years	0.25	0.13	0.12	0.26	0.15	0.11
Later than 5 years	0.44	0.15	0.29	0.50	0.18	0.32
Total	**0.76**	**0.32**	**0.44**	**0.83**	**0.37**	**0.46**

(c) The information on gross amount of leased assets, depreciation and impairment is given in Note 2

IV. Assets given on finance lease

(a) Certain subsidiaries have leased some of their plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.

(b) The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2019 is as under:

(₹ in Crores)

	As at 31.03.2019			As at 31.03.2018		
	Gross investments in lease	Unearned finance income	Present value receivables	Gross investments in lease	Unearned finance income	Present value receivables
Not Later than 1 year	0.22	0.10	0.12	0.14	0.03	0.11
Later than 1 year and not later than 5 years	0.02	-	0.02	0.04	0.01	0.03
Later than 5 years	-	-	-	-	-	-
Total	**0.24**	**0.10**	**0.14**	**0.18**	**0.04**	**0.14**

Notes to the Consolidated Financial Statements

42. PURSUANT TO THE IND AS-37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS, THE DISCLOSURE RELATING TO PROVISIONS MADE IN THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019 IS AS FOLLOWS:

(₹ in Crores)

	Provision for Excise(1)		Provision for Sales Tax(2)		Provision for Warranties(3)		Other Provisions(4)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Opening Balance	0.71	0.58	31.16	28.11	2.33	2.52	0.14	0.48
Additions	-	0.13	10.90	7.47	1.00	-	-	-
(Utilizations)	-	-	(0.37)	(0.33)	(0.30)	(0.33)	-	(0.34)
(Reversals)	(0.08)	-	(11.18)	(4.09)	(0.48)	-	-	-
Currency Translation	-	-	-	-	0.07	0.14	-	-
Closing Balance	**0.63**	**0.71**	**30.51**	**31.16**	**2.62**	**2.33**	**0.14**	**0.14**

These provisions represent estimates made mainly for probable claims arising out of litigations/disputes pending with authorities under various statutes (Excise duty, Sales tax). The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Parent Company is not able to reasonably ascertain the timing of the outflow.

(1) Excise provision made towards matters disputed at various appellate levels.

(2) Sales tax provisions made towards non-receipt of 'C' forms and towards matters disputed at various appellate level.

(3) 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.

(4) Provision for other statutory liabilities represent provision for probable outflow towards employee related statutory liabilities.

43. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES:

(₹ in Crores)

	As at 31.03.2018	Cash flows	Other Changes	Non-cash changes: Fair value changes	Non-cash changes: Current/ Non-current classification	Non-cash changes: Foreign currency translation differences	As at 31.03.2019
Borrowings - Non current (Refer note 15)	28.33	(9.46)	-	1.02	(11.02)	10.61	19.48
Borrowings - Current (Refer note 15)	492.42	74.19	(16.82)	-	-	46.74	596.53
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 16)	12.68	(12.68)	-	-	11.02	-	11.02

(₹ in Crores)

	As at 31.03.2017	Cash flows	Other Changes	Non-cash changes: Fair value changes	Non-cash changes: Current/ Non-current classification	Non-cash changes: Foreign currency translation differences	As at 31.03.2018
Borrowings - Non current (Refer note 15)	41.07	(14.58)	-	0.91	(12.68)	13.61	28.33
Borrowings - Current (Refer note 15)	504.43	(28.29)	(2.86)	-	-	19.14	492.42
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 16)	14.84	(14.84)	-	-	12.68	-	12.68

44. The Consolidated Financial Statements are approved for issue by the Audit Committee at their meeting conducted on 8th May, 2019 and by the Board of Directors on 9th May, 2019.

FORM AOC-I : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIALS STATEMENTS OF SUBSIDIARIES AND JOINT VENTURES

(PURSUANT TO FIRST PROVISO TO SUB SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

PART "A": SUBSIDIARIES

All figures except exchange rates in ₹ crores

Name of the Subsidiary	Reporting Currency	Exchange Rate	Reporting period	Share Capital	Reserves & Surplus	Total Liabilities	Total Assets	Investments ~	Turnover	PBT	Tax provision	PAT	Dividends for the year	% of Share holding
Asian Paints (Bangladesh) Ltd	Taka	0.82	Apr 18 to Mar 19	32.52	(9.30)	131.28	154.50	-	292.55	(17.53)	0.08	(17.44)	4.88	89.78
Asian Paints (Middle East) LLC	OMR	180.30	Apr 18 to Mar 19	20.23	69.77	99.51	189.51	2.70	210.20	12.06	(1.82)	10.24	2.83	49
Asian Paints (Nepal) Pvt Ltd	Nepal Rs	0.63	14 Mar 18 to 14 Mar 19	4.04	186.34	85.07	275.45	-	311.40	67.83	(17.35)	50.49	14.14	51
Asian Paints (S.I.) Ltd	SI $	8.64	Apr 18 to Mar 19	0.54	9.98	6.07	16.60	-	15.21	4.06	(0.07)	3.99	3.46	75
Asian Paints (South Pacific) Pte Ltd	Fiji $	32.90	Apr 18 to Mar 19	4.72	75.66	17.28	97.67	-	100.04	17.83	(3.83)	14.00	12.50	54.07
Asian Paints (Tonga) Ltd	$ Top	30.24	Apr 18 to Mar 19	0.36	2.57	2.60	5.53	-	5.61	(0.90)	(0.23)	(1.12)	1.30	100
Asian Paints (Vanuatu) Ltd	Vatu	0.62	Apr 18 to Mar 19	1.91	3.67	2.24	7.81	-	8.62	1.79	-	1.79	1.33	60
Asian Paints Industrial Coatings Ltd	₹	1.00	Apr 18 to Mar 19	30.45	7.51	5.16	43.12	24.74	12.59	(0.41)	-	(0.41)	-	100
Asian Paints (Lanka) Ltd	LKR	0.40	Apr 18 to Mar 19	31.09	(2.65)	37.86	66.29	-	90.77	0.86	0.16	1.01	-	99.18
Asian Paints International Private Ltd ^	SG$	51.21	Apr 18 to Mar 19	468.49	143.51	460.97	1,072.97	-	-	22.38	(6.04)	16.34	-	100
Berger Paints Bahrain W.L.L.	BHD	184.17	Apr 18 to Mar 19	7.70	35.62	25.49	68.81	-	126.63	19.71	-	19.71	22.10	100
Berger Paints Emirates LLC	AED	18.90	Apr 18 to Mar 19	33.64	77.82	77.63	189.09	-	271.68	2.30	-	2.30	-	100
Berger Paints Singapore Pte Ltd	SG$	51.21	Apr 18 to Mar 19	74.47	(59.69)	53.10	67.88	-	101.67	(9.38)	1.45	(7.93)	-	100
Kadisco Paint and Adhesive Industry Share Company	Ethiopian Birr	2.41	Apr 18 to Mar 19	43.34	28.77	43.38	115.49	1.19	119.72	29.84	(7.96)	21.88	22.47	51
Enterprise Paints Ltd	GBP	90.47	Apr 18 to Mar 19	1.32	(15.34)	14.03	-	-	-	#	-	#	-	100
Maxbhumi Developers Limited	₹	1.00	Apr 18 to Mar 19	0.42	13.24	1.27	14.92	-	-	0.38	(0.11)	0.27	-	100
Nirvana Investments Ltd	GBP	90.47	Apr 18 to Mar 19	#	1.71	-	1.71	-	-	-	-	-	-	100
Samoa Paints Ltd	WST $	26.30	Apr 18 to Mar 19	0.24	4.37	2.19	6.80	-	6.84	1.27	(0.35)	0.92	0.95	80
SCIB Chemicals S.A.E.	EGP	4.01	Apr 18 to Mar 19	7.21	99.51	74.89	181.61	3.16	363.13	14.44	(2.73)	11.71	8.81	60
Universal Paints Ltd	GBP	90.47	Apr 18 to Mar 19	3.88	12.76	-	16.64	-	-	22.12	-	22.12	22.12	100
PT Asian Paints Indonesia	IDR	0.005	Apr 18 to Mar 19	239.54	(100.59)	22.28	161.23	-	46.34	(47.76)	-	(47.76)	-	100
PT Asian Paints Color Indonesia	IDR	0.005	Apr 18 to Mar 19	12.92	(13.32)	1.11	0.70	-	-	(0.65)	-	(0.65)	-	100
Sleek International Private Limited (Refer note 31(a))	₹	1.00	Apr 18 to Mar 19	0.12	44.56	133.38	178.06	-	214.36	(22.83)	-	(22.83)	-	100
Causeway Paints Lanka (Pvt) Ltd (Refer note 31(d))	LKR	0.40	Apr 18 to Mar 19	54.00	76.43	44.58	175.01	-	263.36	42.03	(11.88)	30.15	21.76	100
Reno Chemicals Pharmaceuticals and Cosmetics Pvt Ltd (Refer note 31(b))	₹	1.00	Apr 18 to Mar 19	0.05	(0.14)	1.80	1.71	-	-	(0.51)	-	(0.51)	-	100

^ Asian Paints International Private Limited (formerly known as Berger International Private Limited)

~ Investments other than in subsidiary companies

Amounts less than ₹ 1 Lac

Note - Indian rupees equivalent of the foreign currency translated at the exchange rate as at 31.03.2019.

PART "B": JOINT VENTURES

Sl No.	Name of Joint Ventures	Asian Paints PPG Private Limited	PPG Asian Paints Private Limited
1	Latest audited Balance Sheet Date	31^{st} March, 2019	31^{st} March, 2019
2	Shares of Joint Ventures held by the company as at year end (number of shares)	52,43,961	2,85,18,112
	Amount of Investment in Joint Venture	₹ 30.47 Crores	₹ 81.43 Crores
	Extent of Holding %	50%	50%
3	Description of how there is significant influence	Not Applicable	Not Applicable
4	Reason why the joint venture is not consolidated	Consolidated	Consolidated
5	Networth attributable to Shareholders as per latest audited Balance Sheet	₹ 63.96 Crores	₹ 406.94 Crores
6	Profit for the year		
	i. Considered in Consolidation	₹ 3.08 Crores	₹ 40.82 Crores
	ii. Not Considered in Consolidation	NIL	₹ 40.82 Crores

1. Names of joint ventures which are yet to commence operations - NIL
2. Names of joint ventures which have been liquidated or sold during the year - NIL

For and on behalf of the Board of Directors of
Asian Paints Limited
CIN:L24220MH1945PLC004598

K.B.S. Anand
Managing Director & CEO
DIN:03518282

Ashwin Dani
Chairman
DIN:00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Jayesh Merchant
CFO & Company Secretary,
President - Industrial JVs

Place : Mumbai
Dated : 9^{th} May, 2019

Form No. SH-13

Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,

Asian Paints Limited
6A, Shantinagar,
Santacruz (East),
Mumbai – 400 055

I/We ____ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio. No	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S —

(a) Name:

(b) Date of Birth:

(c) Father's/Mother's/Spouse's name:

(d) Occupation:

(e) Nationality:

(f) Address:

(g) E-mail id:

(h) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR

(a) Date of birth:

(b) Date of attaining majority:

(c) Name of guardian:

(d) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

(a) Name:

(b) Date of Birth:

(c) Father's/Mother's/Spouse's name:

(d) Occupation:

(e) Nationality:

(f) Address:

(g) E-mail id:

(h) Relationship with the security holder:

(i) Relationship with the minor nominee:

Name:____

Address: ____

Name of the Security Holder (s):____

Signature:____

Witness with Name and Address:____

NOTES

Asian Paints #DonateAWall – Assam Forest School, Guwahati.

asianpaints

Asian Paints Limited
6A, Shantinagar,
Santacruz (East), Mumbai - 400 055.
CIN: L24220MH1945PLC004598
Email: investor.relations@asianpaints.com
www.asianpaints.com

/Concept, content and design at AICL (hello@aicl.in)