



Asian Paints Limited
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APL/SEC/25/2021-22/21

4th June, 2021

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai – 400 001
Scrip Code: 500820

The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
Block G, Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400 051
Symbol: ASIANPAINT

Sir/Madam,

Sub: Integrated Annual Report of the Company and Notice convening 75th Annual General Meeting (“AGM”)

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), please find enclosed Notice convening the 75th AGM and the Integrated Annual Report of the Company for the financial year 2020-21.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Integrated Annual Report of the Company for the financial year 2020-21 has been sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).

The AGM of the Company will be held on Tuesday, 29th June, 2021, at 11:00 AM IST through Video Conferencing/ Other Audio Visual Means in accordance with the aforesaid circulars.

The Notice of AGM along with the Annual Report for the financial year 2020-21 is also being made available on the website of the Company at:

<https://www.asianpaints.com/more/investors/AnnualReportFY2021.html>

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JEYAMURUGAN
RAMALINGAM
JEYAPANDIYAN
Date: 2021.06.04
23:33:16 +05'30'

R. J. JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl: As above



asianpaints



Bringing joy to people's lives

Inspiring. Beautifying. Empowering.



Contents

STRATEGIC REVIEW

Performance in FY 2020-21 (Standalone)	2
About the report	4
About Us	6
Chairman's letter	8
MD & CEO's message	10
Asian Paints Charter	12
Board of Directors	14
Value creation model	16
Key risks and mitigation strategies	18
Stakeholder engagement and materiality assessment	20
Global footprints	24
Business segment	26
Brand portfolio	28
Key performance indicators	30
Financial capital	32
Manufactured capital	36
Human capital	42
Intellectual capital	52
Natural capital	56
Social and relationship capital	66
Management discussion and analysis	74
Ten Year Highlights	92
Awards and accolades	94

STATUTORY REPORTS

Notice	95
Board's report	120
Report on corporate governance	145
General shareholder information	162
Business responsibility report	174

FINANCIAL STATEMENTS

Standalone financial statements	186
Consolidated financial statements	254

GRI CONTENT INDEX

334



Bringing joy to people's lives

Inspiring. Beautifying. Empowering.

At Asian Paints, we are in the business of creating a fresh meaning for every space we touch, with a commitment towards making a difference and improving lives. As one of the most endearing and loved brands of the country, our intent and efforts are encapsulated by three-core focus on:

Inspiring. Beautifying. Empowering.

We deliver holistic solutions with our understanding of spaces and a passion to embed design in the fabric of India. From an ever-expanding product portfolio and 'colour to décor' expertise in design consultancy, from meeting diverse and evolving customer aspirations as to initiatives like St+Art Foundation and Donate A Wall - we are embellishing every corner of India with the colours of life.

Thought leadership is an important aspect within the ecosystem, and our influencer engagement programmes, such as the Indian Design Week, The Masters and Colour Scheme Pro, among others reflect our efforts in this direction. We inspire a thriving community of designers, architects and creators by connecting, influencing and empowering individuals and firms that are doing substantial work. Our skilling programmes enable painters and contractors to take control of their growth aspirations.

Additionally, we enrich lives and add value via a plethora of education, health and hygiene, and employability enhancement programmes, while also sustaining the planet's ecological balance through a host of natural wealth conservation initiatives.



The Integrated Annual Report with related Annexures can be downloaded from below weblink: www.asianpaints.com

Performance in FY 2020-21 (Standalone)

Delivering stable and sustainable outcomes

FINANCIAL

₹18,516.9 Crores

Revenue from operations

↑ 7.7%

₹4,859.5 Crores

Earnings before Interest Taxes Depreciation and Amortisation (EBITDA)

↑ 15.3%

₹4,090.4 Crores

Profit Before Tax

↑ 19.8%

₹31.8

Earnings per share

↑ 15%

OPERATIONAL

1,730,000 KL/annum

Installed decorative paint capacity

48

New products/ variants developed

14

Patents granted

ENVIRONMENT

184.5%

Water replenishment

57.2%

Renewable Energy (RE) consumption out of total consumption

56%*

Reduction in specific hazardous waste disposal

**As compared to baseline year 2013-14*

75.9%*

Reduction in specific effluent generation

**As compared to baseline year 2013-14*

2,700+ tonnes

Post-consumer flexible plastic across 15 states in India recycled

SOCIAL

₹63 Crores

CSR expenditure

170,000+

Beneficiaries directly impacted through our health initiatives

178,000+

Man-days of training through Asian Paints Colour Academy

199,000+

Participants attended training sessions at the Asian Paints Colour Academy



ABOUT THE REPORT

Asian Paints, headquartered in Mumbai, is in the business of manufacturing and selling wide range of paints for decorative and industrial use. We also offer wall coverings, adhesives and services under its portfolio. We have entered Home Décor segment offering lightings, furnishings and furniture, along with end-to-end design to execution services under this segment. We are also present in the Home Improvement business offering bath and kitchen products. This is the first Integrated Annual Report of Asian Paints Limited and, through this report, we are presenting the value creation approach for our stakeholders.

The report outlines our business performance during financial year 2020-21 (FY 2020-21), along with performance on key Environment, Social and Governance (ESG) aspects. The performance has been demonstrated through six capitals of the Integrated Reporting <IR> framework.

Reporting Principle

The report is prepared as per the Integrated Reporting <IR> framework of International Integrated Reporting Council (IIRC). It is aligned with the guiding principles and content elements prescribed in the <IR> framework. The performance across ESG aspects is disclosed in accordance with the Global Reporting Initiative (GRI) Standards – core option. The financial and statutory data presented in this report is as per the requirements of the Companies Act, 2013 (including the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the Secretarial Standards.

Reporting period

The information is reported for the period from 1st April, 2020 to 31st March, 2021. However, the data on Occupational Health and Safety is reported as per the calendar year. We have outlined the historical trends of the data wherever relevant.

Scope and boundary

The Report contains information of business carried out by Asian Paints Limited. We have transitioned from Financial reporting to Integrated Reporting which covers information beyond financial capital. In addition to financial capital, the report also covers five other capitals – natural, intellectual, manufactured, social & relationship and human capital and the interlinkages between them.

The Report showcases our purpose, values and strategic focus areas leading to value creation for business and all its stakeholders. All such information presented in this report pertains to standalone operations of Asian

Paints Limited, unless otherwise specified. Further, the reporting boundary for Natural Capital which primarily includes energy, water, waste and emissions is limited to decorative paint business in India.

Forward-looking statements

Certain statements in the report regarding our business are forward-looking statements. These include all statements, other than those of performance highlights and historical facts, including those regarding the market and financial position, business strategy, and objectives for future operations. Forward-looking statements shall be identified by words such as anticipates, expects, intends, may, will, believes, estimates, outlook and other words of similar meaning in connection with a discussion of future operational or financial performance. Forward-looking statements are necessarily dependent on projection and trends and constitute our current expectations based on reasonable assumptions. Actual results could differ from the projected in any forward-looking statements due to the risks and uncertainties, and other external factors.

Feedback

Feedback from the stakeholders is sought to help address their queries and provide them clarifications on material topics that encapsulate their key concerns. Any feedback or suggestions or any stakeholder concerns can be communicated on our email address:

investor.relations@asianpaints.com or sent to us at **Asian Paints Limited, 6A, Shantinagar, Santacruz (East), Mumbai - 400 055, India.**

Report navigation



Financial capital



Manufactured capital



Human capital



Intellectual capital



Social and relationship capital



Natural capital

+ Page 32



About us

Driving 75+ years of excellence

We have come a long way since our humble beginnings in 1942. Four Friends, who were willing to take on the world's biggest, most famous paint companies operating in India at that time, set up a partnership firm. Over the course of two decades, we became a corporate force and India's leading paints company. Driven by our strong consumer-focus and innovative spirit, we have been a preferred brand for paints in India for more than 50 years.

We operate in 14 countries and have 26 paint manufacturing facilities in the world, servicing consumers in over 60 countries.

We offer a wide range of paints for decorative and industrial use and also offer wall coverings, adhesives and services under our portfolio. We are also present in the Home Improvement and Décor segment and offer bath and modular kitchen products.

At Asian Paints, we partner with our consumers in their journey for creating beautiful spaces and help them give expression to their creativity.



PURPOSE

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



San Assure and Safe Painting Service

We offer 'San Assure' a sanitization service and 'Safe Painting' service for our customers.



Home Décor

Range of Furniture, Furnishings and Lighting Products under three brands – Nilaya, Royale and Ador, thus offering a wide spectrum of offerings in the 'Home Décor' category.



Beautiful Homes Service

'Beautiful Homes Service' is an exclusive end-to-end solution that provides consumers a personalized interior design service with professional execution to create their dream homes



OUR STATURE

#1

Paints company in India

3rd

Largest paint company in Asia

9th

Largest paint company globally

75+

Years of innovation in the paint industry



OUR SCALE

60+

Markets served

26

Paint manufacturing facilities worldwide

₹21,712.8 Crores

Consolidated turnover



OUR REACH

70,000+

Dealer network in India

18

AP Beautiful Homes Stores in India

450+

Colour Ideas stores in India



OUR PEOPLE

10,000+

Global workforce

200+

Scientists driving innovation

OUR OFFERINGS

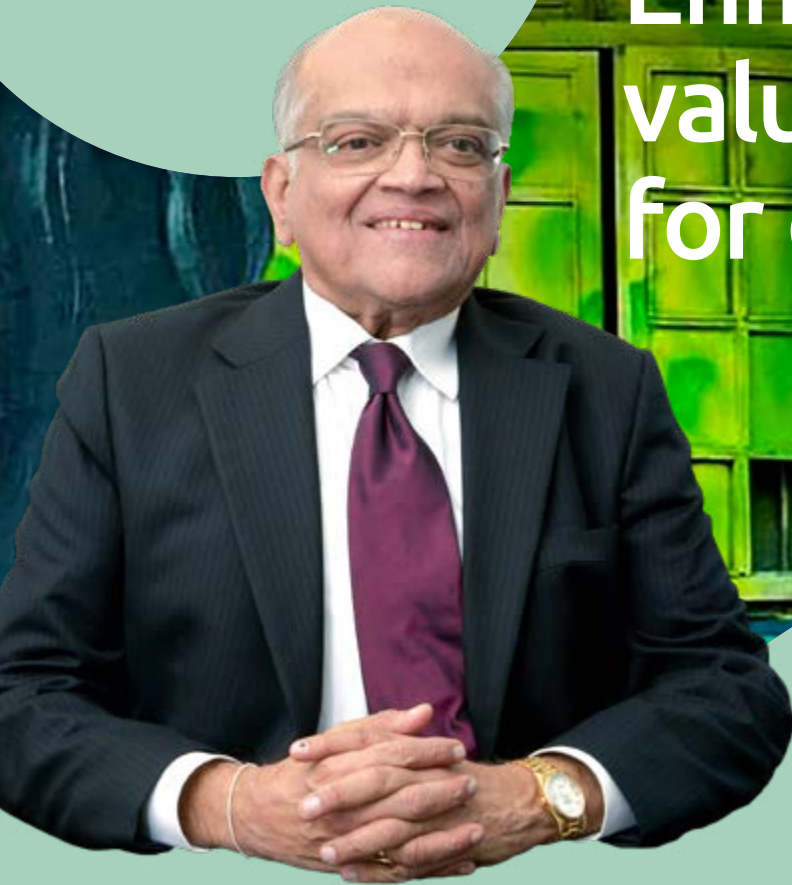
Products

- Paints • Chemicals • Wall Coverings • Textures Painting Aid • Waterproofing solutions • Wall Stickers • Mechanised Tools • Kitchens and Wardrobes • Adhesives • Modular Kitchens and Wardrobes • Bath Fittings and Sanitaryware • Sanitizers and Surface Disinfectants • Furniture, Furnishings and Lightings

Services

- Home Painting Services • Interior Design Services • Experience Retail Stores • Colour Consultancy • Projects • Sanitization services

Enhancing our value proposition for customers



set of financial results but have also strengthened our capabilities to endure and respond to such uncertainties. Under his leadership we embraced new challenges and the Asian Paints Group has responded to many adversities with unflinching commitment to our consumers, communities and citizens, finding ingenious ways and means to reach out to them.

DEAR SHAREHOLDERS,

The year gone by was one of the most difficult and challenging ones that many of us have faced, and it has impacted our lives in unforeseen ways. The COVID-19 pandemic has cast a shadow of uncertainty and anxiety all over the world, affecting people across all social strata. Through these difficult times, the relentless effort and determination of all the frontline health and social workers has stood out as a beacon of hope for humanity, and I would like to convey my sincere gratitude to them for not only keeping us safe but also helping the economy move forward. On our part, we have participated in the various initiatives of the government and extended our solidarity by donating to various states across the country and also helping large number of hospitals fight this extreme situation. I am also hopeful that if each one of us acts in a responsible manner, we would be able to put this hardship behind us and look towards brighter, healthier and safer days ahead.

Mr. Amit Syngle took over the position of the Managing Director & CEO of our Company right in the midst of a challenging and unprecedented year, and it gives me immense pleasure to note that under his able leadership, we have not only successfully delivered a very strong

Realigning our priorities

As we started the financial year 2020-21 in the midst of the nationwide lockdown, our first and foremost priority was to ensure the health and well-being of all our employees, direct as well as indirect, by setting up work-from-home infrastructure and ensuring safe, sanitized workplaces at our manufacturing plants and various sales locations across the country. The other key priority was to open up access to our customer and the extension of our Health & Hygiene product portfolio through the sanitizers & disinfectants range, for varied surfaces and usage, coupled with our 'San Assure' sanitization service and 'Safe Painting' solutions. It helped us open our dealer network and provide safe

As an organisation, we have always upheld the highest standards of corporate governance, which has been the bedrock for our growth as a sustainable, responsible corporate citizen.

solutions to our customers. This further strengthened our brand salience in the 'Health & Hygiene' category and reinforced Asian Paints as the 'most preferred brand' for our customers. Looking at the huge strain on the public infrastructure due to the pandemic, we also pushed for community safety measures, supporting various local administrations, state governments as well as the central government in providing personal protective equipment, sanitization products and services.

Handholding the customer

In my last communication, I had mentioned that for an organisation to grow and retain its market leadership, it had to guide its customers through the new normal that would emerge out of our collective experiences of this pandemic, and fulfil their requirements through innovative ideas, products and solutions. As we continued to manage the business dynamically to address the uncertainties in the wake of the pandemic, we continued to enhance our focus on understanding the changing customer needs and aspirations across our businesses, and address these through new products and solutions with a strong value proposition for our customers. Our focus on new categories and new products have yielded us new gains and also given us unique strengths. During the year, we further augmented our Home Décor capabilities, introducing offerings in Lightings, Furnishings and Furniture to cater to customer aspirations. We also partnered with multiple designers, architects, and end-delivery contractors to launch our 'Beautiful Homes Service' that offers end-to-end services – from personalised interior design to professional execution. In the Industrial Coatings business, we launched a comprehensive Asset Protection Management service, thereby strengthening our relationship with key customers. Many of these new products and solutions were also rolled out in our global markets with relevant market-specific customisations.

As an organisation, we have always upheld the highest standards of corporate governance, which has been the bedrock for our growth as a sustainable, responsible corporate citizen. To further enhance the governance standards, the Board of Directors constituted an Investment Committee to focus on our strategic direction and initiatives.

Looking ahead

As we look at navigating the business forward in the new financial year, uncertainties have resurfaced with the emergence of a strong, second wave of the COVID-19 pandemic. The situation has also worsened in many of our markets in South Asia and the Middle East, with infection numbers surpassing previous peaks. While governments are keen to accelerate vaccination, only an effective drive covering a large proportion of the population, will help us contain this spread.

In the meantime, safety and well-being will remain our highest priority. We will focus on addressing business challenges with agility, working closely with our business

As we continued to manage the business dynamically to address the uncertainties in the wake of the pandemic, we continued to enhance our focus on understanding the changing customer needs and aspirations across our businesses, and address these through new products and solutions with a strong value proposition for our customers.

partners and stakeholders. I am confident that with the guidance of our experienced Board, dynamic leadership of the management team, and the commitment of our employees, we will not just overcome the challenges but convert these very challenges into opportunities to move to an even higher trajectory of sustainable growth.

WARM REGARDS,

Ashwin Dani
Chairman



MD & CEO's message

A resolve to deliver value amid challenges

DEAR SHAREHOLDERS,

In my last communication, I had expressed my confidence in our organisation's ability to navigate the uncertainties posed by the coronavirus pandemic by constantly striving to understand the evolving needs of the customer and bringing happiness to their lives. It gives me immense pleasure to say that as an organisation, we have been able to manage these uncertainties with conviction, reinforcing our 'customer-first' approach and brought in a huge innovation and a strong strategic intent to focus on medium-to long-term vision. And this has helped us deliver extremely good results.

Before I deep-dive into some key highlights of our performance this year, I would like to express my profound appreciation for all the frontline healthcare staff and those engaged in providing essential services for their tireless and heroic efforts to provide all of us with the much needed ray of hope in such difficult times. COVID-19 has touched all of us, directly or indirectly, and these heroes have rallied beyond their call of duty to provide us support, despite innumerable obstacles.



We took strong steps to make further inroads into upgrading the 'bottom-of-the-pyramid' demand through our strong value proposition in the 'value-for-money' range of products.

The year that was

FY 2020-21 was a year of new norms – new customer expectations and needs, and a new work environment and its challenges. As an organisation, we not only adapted to these new norms, addressing the emerging realities, but also remained in pursuit of our long-term strategic objectives that would enable us deliver sustainable growth. The uncertainty in the first few months brought us together, offering a unique opportunity to introspect, reflect on our organisational journey over the past decades and powered our zeal to visualise a roadmap to take our organisation to the next level. We aligned and empowered the whole team into this new Asian Paints future and gave wings to some certainty in the whole environment of uncertainty. This unique power of collaboration and standing for each other's success helped the entire team at Asian Paints rally behind the key strategic objectives laid out for all our businesses. This not only resulted in the strong, industry-leading performance for the year under review, but also laid the strong foundation for future growth.

Decorative business, India

We registered a strong performance in the Decorative business in India, further cementing our market position and gaining share from both the organised and the unorganised segment. Our pursuit of product innovation, enhancing value proposition for customers through unique product features and network expansion continued unhindered even during this pandemic-hit year. We took some innovative approaches, using digital platforms to connect with customers, key influencers, including architects, designers, contractors and dealers, and deepened our engagement with them.

We took strong steps to make further inroads into upgrading the 'bottom-of-the-pyramid' demand through our strong value proposition in the 'value-for-money' range of products. We continued with our new product innovation spree launching some differentiated products in previously uncharted domains like the All Protek Fire Retardant Paint and the Protek Crystalite anti-dust, temperature reducing clear glass paint. We also introduced the EzyCr8 range of DIY products for quick and easy application on multiple surfaces. The introduction of the 'Safe Painting' service and

the 'San Assure' service, combined with our comprehensive range of sanitizer products, provided us a unique edge in both retail and institutional markets to address customer concerns, offering them complete peace of mind by meeting their requirements in a safe and secure manner. The Projects segment of our business also registered strong growth once the lockdown was eased. We have now firmly established ourselves as the #1 player in the Projects & Institution business with strong strengths as a waterproofing expert.

The year also saw our vision of evolving into a Home Décor company, propelling the business, with a strong set of initiatives. We put together a strong and seamless omnichannel model to partner with the customers in their journey of translating their dream homes into reality, through the Digital, @AP store and @Home channels. Our digital property, beautifulhomes.com, continues to be the most inspirational digital décor content platform, offering unique and exciting design ideas to customers. AP Beautiful Home Stores network has now expanded to 18 stores. They offer one-of-its-kind customer experience, combining state-of-the-art visualisation platform with physical displays, not just for paints but for a complete décor product range that covers custom-design-to-execution furniture, furnishings, lightings, customised tiles, full-modular kitchens to bath and sanitary products. We launched the Beautiful Homes Service, a seamless 'custom-design-to-execution' service across eight top cities, with the aim of expanding to many more such centres. I am confident that with this holistic approach, we would become the most preferred Home Décor partner for our customers.

The year also saw our vision of evolving into a Home Décor company, propelling the business, with a strong set of initiatives.

Home Improvement business

Even the Home Improvement business in the Kitchen and Bath space picked up strongly, especially in the second half of the year, supported by the turnaround witnessed in the real estate space across many centres. The entry of Asian Paints into the world of Home Décor provided a strong spring board to this business to elevate the business to new standards and large customer reach. High execution standards being a key ask from customers in these segments, the business extensively focused on improving its execution capabilities with some unique propositions. Both these businesses rallied, along with the Decorative business to set new standards of customer service and was able to transform the dynamics so that we start aligning them for giving robust returns in future.

Industrial business

The Industrial business, especially the non-automotive industrial coatings business, delivered an extremely good performance, driven by our sharp focus on providing innovative product solutions. This was done by invoking a strong sense of collaboration across businesses keeping in mind one view of the customer. This has helped us register good growth in an otherwise declining market.

The automotive industrial coatings business, with its large dependency on the automobile sector, also registered good growth in the second half of the year.

International business

The International business portfolio also delivered a robust performance across most of the geographies, despite subdued business conditions. There was exceptional emphasis on enhancing product features, drawing from our experiences across geographies and customising them to deliver unique value propositions in each of our markets. We took a big strategic shift and were able to leverage capabilities of the domestic business in the Waterproofing space, making a strong mark and differentiating ourselves, building a strong portfolio. The other strategic shift was to enter the service space and introducing the 'Safe Painting' service proposition across key markets elevating the brand in the eyes of the customer.

Progressive steps

During FY 2020-21, the Board of Directors approved the formulation of the Employees Stock Option Plan 2021 (ESOP) for the grant of stock options to 'Eligible Employees' of the Company and/or its subsidiary companies. This ESOP has been placed before the shareholders for their approval at the ensuing 75th Annual General Meeting of the Company. I am confident that this will encourage our employees to devote themselves even more diligently to the organisation's future through their ownership and commitment, and thus enable long-term wealth creation for all stakeholders.

FY 2020-21 also marks an important milestone in our reporting journey with the publication of our first Integrated Report as per the Integrated Reporting Framework <IR> of the International Integrated Reporting Council (IIRC). This report provides a cohesive approach to corporate reporting that, inter alia, communicates the full range of factors that materially affect the ability of Asian Paints to create value over time.

Looking ahead

As we entered the new financial year, the situation around COVID-19 once again turned uncertain with the rise in infections surpassing previous records within India as well as that in many other geographies. Vaccination looks to be the only sustainable way of putting the pandemic behind us. But it will take some time to deliver results as a large cross-section of the population will need to be vaccinated before the spread of the virus can be curbed. As a responsible and caring organisation, we will continue to accord the highest priority on the well-being of our employees, encouraging them to follow necessary precautions. We will also have to anticipate intermittent business restrictions and disruptions to the supply chain networks for some time.

That said, one key highlight of the past year has been our organisation's resolve to deliver, despite these challenges, driven by our singular passion of delivering best-in-class value to our customers. And I am confident that we will continue to stay focused in this pursuit.

WARM REGARDS,

Amit Syngle
Managing Director and CEO



Amit Syngle

Managing Director and CEO

It is with great pride and purpose that I would like to share the AP Charter:

This charter includes the voice of every employee in the Company and indeed represents them. Despite the challenges during the pandemic, the employees decided to create the future of their dreams. The final outcome, after days of deliberation and co-creation, is extremely energising and allows the Company to delight the customer. It truly embodies the spirit of the Company and what every stakeholder would vouch for.

The values that would be pivotal in giving life to the charter were thoughtfully crafted and shared with the entire organisation. I am very happy to say that with customer at the core of everything we do and these values fuelling our journey, you can indeed count on us.

I present to you the AP charter, a charter which is timeless and one which every stakeholder would see his desires being addressed.

AP Charter

We are **ap asianpaints**, delivering joy since 1942.

We are in the business of colour, décor, design and protection, we make anything & everything beautiful and lasting.

Being innovators, we transcend global boundaries and are the preferred brand.

We are dynamic and disruptive. Constantly redefining trends with world-class solutions, inspiring consumers to realise their dreams.

We are committed to sustainability and safety.

We are creative. Co-creating and partnering with customers and stakeholders, transforming Billions of living spaces and objects.

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

We dare. We care.

We create beautiful worlds.

You can count on us.

We value:

Standing for each other's success

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

Audacity

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

Creative zeal

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

Scientific rigor

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

Integrity

We honour our word, always.

Customer passion

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

Board of Directors

Leading the journey to achieve long-term success



ASHWIN DANI
Non-Executive Chairman

MANISH CHOKSI
Non-Executive Vice-Chairman



ABHAY VAKIL
Non-Executive Director

AMIT SYNGLE
Managing Director & CEO

MALAV DANI
Non-Executive Director

AMRITA VAKIL
Non-Executive Director

JIGISH CHOKSI
Non-Executive Director

DEEPAK SATWALEKAR
Independent Director



Dr. S SIVARAM
Independent Director

M K SHARMA
Independent Director

VIBHA PAUL RISHI
Independent Director

R SESHASAYEE
Independent Director

SURESH NARAYANAN
Independent Director

PALLAVI SHROFF
Independent Director

Value creation model

We deliver joy

EXTERNAL ENVIRONMENT

INPUTS

Financial capital

₹12,091.1 Crores **₹27.4 Crores**
Shareholder's Fund Borrowings

Manufactured capital

₹3,810.9 Crores **10**
Property, plant and equipment Own manufacturing facilities

1,730,000 KL **24**
Installed decorative paint capacity per annum* Outsourced processing centres

* Only own manufacturing facilities

Human capital

7,160 **16,354**
Permanent employees Temporary/contractual employees

₹20.1 Crores
Investment in learning and development

Intellectual capital

₹82.6 Crores **20**
Spent on Research and Development (R&D) Number of patents filed

200+ **₹45 Crores**
Number of scientists at R&D centre Investment in information technology

Social and relationship capital

70,000+ **1.3 Lakhs +**
No. of dealers Business influencers (contractors/painters/architects/interior designers)

₹63 Crores **15,000+**
CSR expenditure Supplier base

Natural capital

0.8 KL/KL **₹12.2 Crores**
Specific water consumption Expenditure on environmental initiatives

₹3.8 Crores
Integrated watershed development

Reporting Boundaries

Natural Capital Decorative Paint Business in India
Other Capitals Asian Paints Limited (Standalone)

STAKEHOLDERS Customers | Influencers | Investors | Employees | Community | Government and Regulatory Bodies | Vendors

OUTPUTS

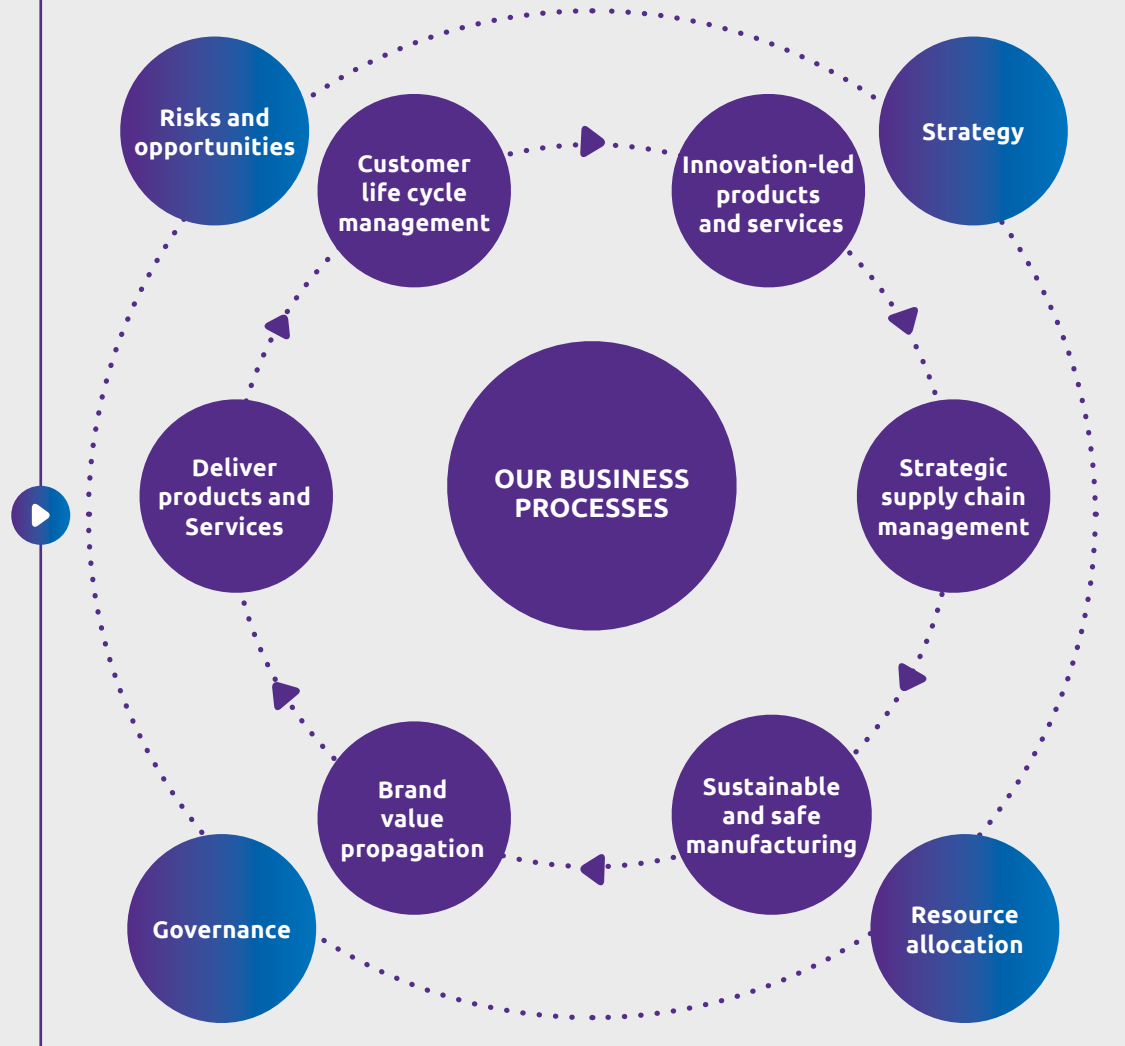
OUTCOMES

Our purpose

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

Strategic focus

- Customer celebrations
- High-performance team
- Innovative and co-created solutions
- Sustainability
- Cutting-edge technology



Product portfolio

Paints **Waterproofing** **Wall coverings**

Adhesives **Decor** **Tools**

Bath fittings and sanitary ware **Sanitizers and disinfectants**

● Traded products
● Manufactured/traded

Services

Experience Retail Stores **Colour Consultancy**

Projects **Sanitization services**

Safe Painting Services **Interior Design Services**

Financial capital

₹18,516.9 Crores **₹4,859.5 Crores**
Revenue EBITDA

₹3,052.5 Crores **₹31.8** **38.1%**
PAT EPS ROCE

Human capital

0.7 **7.8%**
Lost Time Injury Frequency Rate (LTIFR) Attrition rate

23.4
Severity rate

Intellectual capital

14 **48**
Number of patents granted New products/variants developed

Social and relationship capital

Impact of community initiatives:

170,000+ **199,000+**
Lives touched through health Initiatives Beneficiaries through Colour Academy Trainings

Natural capital

56%** **184.5%**
Reduction in specific hazardous waste disposal footprint Water replenishment

34.7% **
Reduction in specific electricity consumption

58.9%** **65.4% ****
Reduction on Specific Non-Process Water (SNPW) Emission reduction

75.9%** **57.2%**
Reduction in Specific effluent generation Renewable energy consumption out of total consumption

**As compared to baseline year 2013-14

Values

- Standing for each other's success
- Creative zeal
- Integrity
- Audacity
- Scientific rigour
- Customer passion

Key risks and mitigation strategies¹

Building a holistic framework to monitor risks

In a rapidly changing business environment with dynamic customer requirements, business risks are constantly evolving. As a result, there is significant variation in the emerging risks landscape across businesses.

We, at Asian Paints, continuously monitor the internal and external environment to identify potential, emerging risks and their impact on our business.

Our risk management framework ensures identification of emerging risks and is flexible enough to accommodate decentralized risk management practices. Composition of the risk management committee, their responsibility and

other related details are provided in the statutory section of our Integrated Report. We evaluate risks that can impact our strategic, operational, compliance and reporting objectives².

Following is a summary of key identified risks. More details regarding these risks can be found in the management discussion and analysis section of this report. The section explains some aspects of the key strategic and business risks.

IMPACT OF THE RISK



Customer Facing

- The customer of today is looking for customised solutions and services and not just products
- Customers across the spectrum desire personalised living spaces
- The customer seeks delight right through the journey of making his/her dream home. Merely delivering an end product is no longer sufficient
- Customers interact companies through a variety of channels and influencers. Maintaining a seamlessness and delightful connect through all touchpoints is critical
- Products that go beyond just décor and promote safety, health and hygiene of consumers



Sustainability

- Risk pertaining to the use of natural resources like water
- Reducing energy consumed and hazardous waste generation in the manufacturing process
- Continuity of business operations, including information technology assets
- Care for the community in which we operate



Human Capital

- Enough opportunities to grow professionally
- Maintaining employee relations and meeting their aspirational needs
- Employee engagement and fostering a spirit of competitive collaboration
- Safety and overall well-being of employees

CAPITAL IMPACTED



Residual risks:

There are certain uncertainties with remote possibilities like earthquake, natural disaster, and other macroeconomic factors, impact of which could go beyond the risk appetite articulated by us. Despite best efforts and intentions, these risks would continue to exist, and we would continue to take steps to reduce the impact of these.

Emerging risks:

The management has identified certain other uncertainties like supply chain disruptions due to any political/geographical issues in any foreign country, market risk related to e-commerce, and intensifying competition risk, to name a few. Mitigations steps are being taken wherever necessary to reduce the impact of these uncertainties.

Mitigation strategies to address the above risks are incorporated within the policies and processes. The same has been discussed in detail in respective capitals.

We regularly identify and assess opportunities with respect to the internal and external factors. Focusing on the expectations of our stakeholders and creating value for them over the short, medium and long term, we aim to harness these identified opportunities. Keeping the customer at the core, we continue to find avenues to optimise value creation for all stakeholders. This calls for intense work to leverage our relations with stakeholders, information technology, research and development to create competitive advantage while being firmly committed to raising the bar on sustainability and safety.



Fraud and Unethical behaviour

- Inherent risk of fraud and unethical behaviour



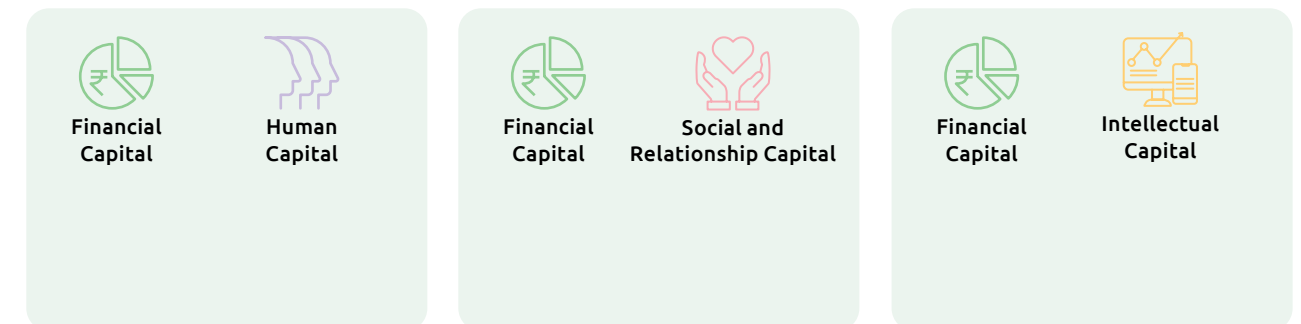
Compliance

- Speed and extent of changes in the regulatory landscape
- Evolving interpretation to newer statutes



Information Security

- Securing confidential information of the Company
- Protecting devices from external attacks
- Ensuring uptime of all critical IT assets, including automation systems operating at the plants










¹ GRI 102-15 Key impacts, risks, and opportunities

² GRI 102-30 Effectiveness of risk management processes

Stakeholder engagement and materiality assessment

Ensuring shared growth through meaningful interactions

How we create value for our stakeholders⁵

STAKEHOLDER GROUP	KEY CONCERNS AND EXPECTATIONS ⁶
 Employees	<ul style="list-style-type: none"> Employee well-being Learning and development Occupational health and safety
 Customers	<ul style="list-style-type: none"> Delightful experience through the journey of décor Product safety and value for money Innovative products Anticipating requirements Creating value Convenience Solutions and not just products Better servicing
 Government and Regulatory Bodies	<ul style="list-style-type: none"> Adherence to compliance in substance and spirit Collaboration on national agenda Inputs for ease of doing business Inputs for regulatory changes
 Communities	<ul style="list-style-type: none"> Social concerns such as health and hygiene, skilling and water management Sustainable way of carrying on the business
 Vendors	<ul style="list-style-type: none"> Long-term commitments with business partners Value creation Fairness in business dealings Necessary knowledge and infrastructure support
 Investors	<ul style="list-style-type: none"> Consistent return on investments Long-term viability and sustainable growth Wealth creation Timely disclosures and compliance
 Influencers	<ul style="list-style-type: none"> Business collaborations Policy advocacy

³ GRI 102-42 Identifying and selecting stakeholders

⁴ GRI 102-43 Approach to stakeholder engagement

⁵ GRI 102-40 List of stakeholder groups

⁶ GRI 102-44 Key topics and concerns raised

Stakeholder engagement

At Asian Paints, stakeholders play an integral role in our journey and we recognise the need to partner with them and understand their concerns to deliver the ambitious targets which we have set for ourselves as a part of the organisational vision. Our multi-stakeholder model aims to understand the requirement of our stakeholders and we attempt to respond to them through various initiatives and programmes.

Our process of stakeholder engagement involved identifying key internal and external stakeholders followed by analysing the impact of each stakeholder

groups on our business and vice versa³. Based on the exercise carried out, we prioritised our key stakeholders to understand their expectations and concerns. Through regular interactions⁴ with our stakeholders across various channels, we have been able to strengthen our relationships and enhance our organisational strategy.

We have identified the following key stakeholder group and each stakeholder continues to contribute in their own way in creating value for our business.

OUR APPROACH OF ENGAGEMENT
<ul style="list-style-type: none"> Personalised learning and development programmes Regular performance review and feedback One on one engagements and town hall meetings Employee engagement surveys Digital engagement Exit interviews Programmes catered around overall well-being Engaging with students in leading campuses
<ul style="list-style-type: none"> Partnering with them in their journey from products to services One-on-one interactions Digital channels like mobile applications (Colour with AP), website and many more Customer satisfaction survey Feedback surveys and calls post addressal of complaints Customer service helpline
<ul style="list-style-type: none"> Emails and letters Conferences Industry forums Regulatory Filings Meetings with officials Representations
<ul style="list-style-type: none"> Collaboration with Non-Governmental Organisations (NGOs) Field visits CSR and sustainability initiatives Skill development One-on-one interactions
<ul style="list-style-type: none"> Supplier meets One-on-one interactions Digital channels like supplier grievance/ feedback portal Forums and seminars Collaboration with vendors
<ul style="list-style-type: none"> Annual general meetings Quarterly investor conferences One-on-one engagements Digital engagement Media updates Annual report and sustainability report Meetings
<ul style="list-style-type: none"> Meetings Conferences Digital platforms

Our frequency of engagement
● On regular basis ● Periodically

Stakeholder engagement and materiality assessment (continued)







Materiality assessment





Material issues influence our ability to create and sustain value, and deliver our organisation's strategic objectives within the context of short-medium and long-term objectives. Identifying, prioritising, and responding to material topics play a pivotal role in meeting stakeholder expectations. We engaged with our stakeholders to obtain their inputs in identifying material topics and align our strategies to achieve our goals.

We conducted an analysis to identify all vital issues that are material to our organisation. These are issues of critical value to our stakeholders. Our planning initiatives consider material issues by mapping them in our strategic objectives.

Material topics⁷

The following topics have been identified as high-priority material topics as per the materiality assessment conducted during the year FY 2020-21. These material topics will be reviewed periodically taking into account the expectations from stakeholders, our policies and business objectives.

MATERIAL TOPICS	GRI STANDARDS TOPICS	REFERENCE SECTION IN THE INTEGRATED REPORT
 Customer Satisfaction	<ul style="list-style-type: none"> Customer health and safety Customer Privacy 	Social and Relationship capital + Page 66
 Occupational Health and Safety	<ul style="list-style-type: none"> Occupational Health and Safety 	Manufactured Capital + Page 36 Human capital + Page 42
 Water Management	<ul style="list-style-type: none"> Water and effluents 	Natural Capital + Page 56
 Supply Chain Management	<ul style="list-style-type: none"> Supplier Social Assessment 	Social and Relationship Capital + Page 66
 Business Ethics & Corporate Governance	<ul style="list-style-type: none"> Anti-Corruption Anti-competitive behaviour 	Corporate Governance Report + Page 145
 Economic Performance	<ul style="list-style-type: none"> Economic Performance 	Financial statements + Page 186 Management Discussion and Analysis report + Page 74 Board's report + Page 120 Financial Capital + Page 32

MATERIAL TOPICS	GRI STANDARDS TOPICS	REFERENCE SECTION IN THE INTEGRATED REPORT
 Direct Economic Value generated and distributed	<ul style="list-style-type: none"> Economic Performance 	Financial Capital + Page 32
 Employee Wellbeing	<ul style="list-style-type: none"> Labour/Management Relations Diversity and Equal opportunity Employment 	Human Capital + Page 42
 Environment & Sustainability	<ul style="list-style-type: none"> Environmental Compliance Emissions Waste 	Natural Capital + Page 56
 Social Impacts of Products	<ul style="list-style-type: none"> Customer Health and Safety 	Social and Relationship Capital + Page 66 Intellectual Capital + Page 52 Natural Capital + Page 56

⁷ GRI 102-47 List of material topics

Global footprints

Near your home, worldwide

Our operations encompass 14 countries of the world with considerable presence in South Asia and the Middle East. We are leveraging our experience and expertise to drive higher growth in the markets where we are present.

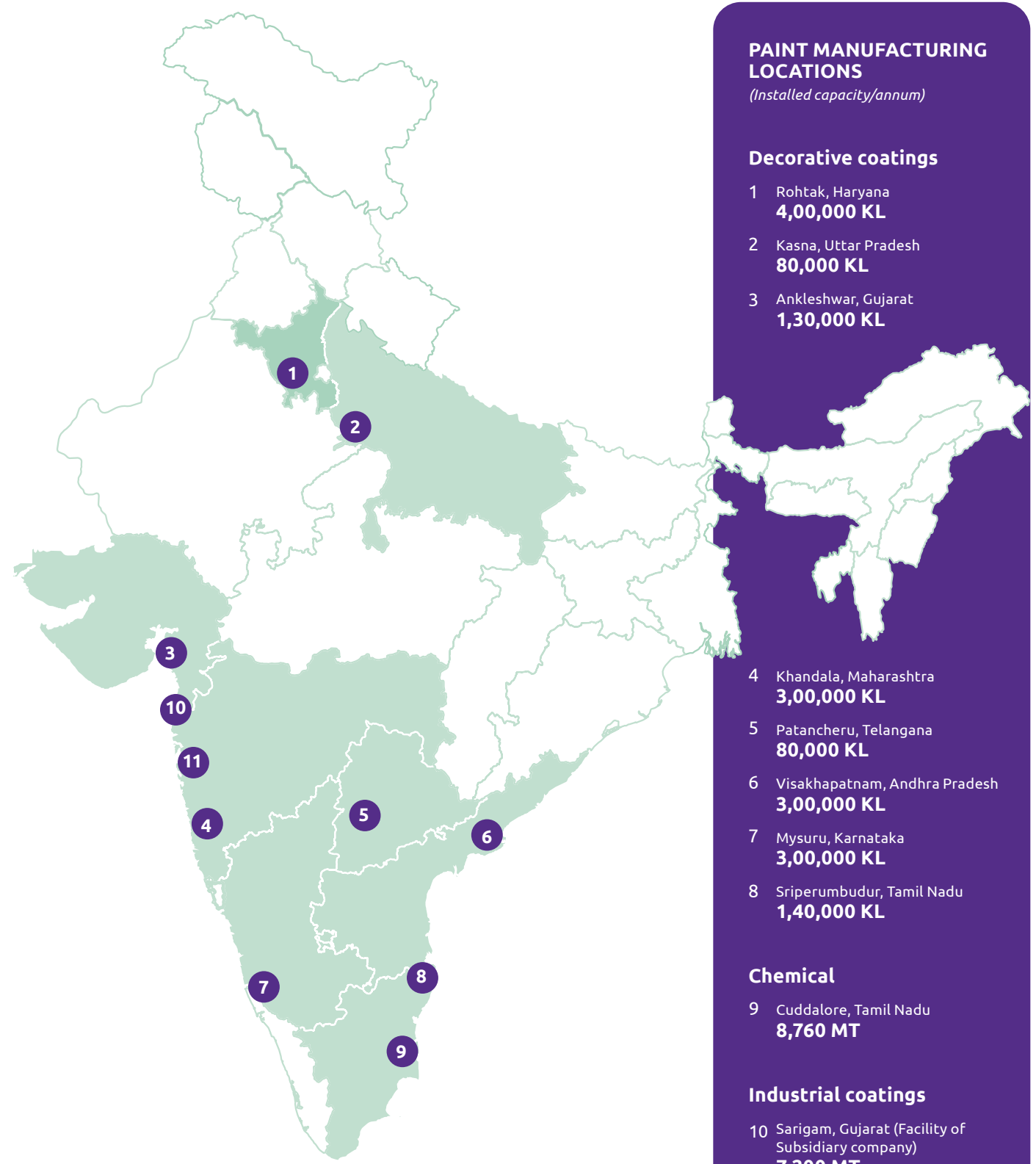
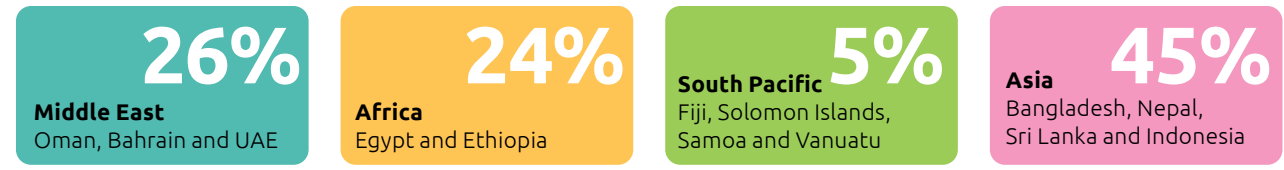
Integrated Report 2020-21
24



BRANDS



REGION-WISE REVENUE FROM INTERNATIONAL OPERATIONS (%)



PAINT MANUFACTURING LOCATIONS
(Installed capacity/annum)

- Decorative coatings**
 - 1 Rohtak, Haryana **4,00,000 KL**
 - 2 Kasna, Uttar Pradesh **80,000 KL**
 - 3 Ankleshwar, Gujarat **1,30,000 KL**
- Chemical**
 - 4 Khandala, Maharashtra **3,00,000 KL**
 - 5 Patancheru, Telangana **80,000 KL**
 - 6 Visakhapatnam, Andhra Pradesh **3,00,000 KL**
 - 7 Mysuru, Karnataka **3,00,000 KL**
 - 8 Sriperumbudur, Tamil Nadu **1,40,000 KL**
 - 9 Cuddalore, Tamil Nadu **8,760 MT**
- Industrial coatings**
 - 10 Sarigam, Gujarat (Facility of Subsidiary company) **7,200 MT**
 - 11 Taloja, Maharashtra **14,000 KL**

Note: Map not to scale

Strategic Review
25

Business divisions

Unlocking value across verticals



DECORATIVE COATINGS

Our products cater to varied price points and requirements, consisting primarily of four segments – interior walls, exterior walls, wood finishes and metal finishes. We also introduced new categories such as water proofing, wall papers, painting tools and implements, adhesives and sanitizers. Aligned to ever-changing consumer requirements, we are consistently strengthening our brand value proposition by emerging as a comprehensive décor solutions provider.

We have eight state-of-the-art, highly automated decorative paint manufacturing plants across the country, supporting an extensive distribution platform.



₹18,211.5 Crores
Revenue from Operations

83.9%
Group revenue share

INDUSTRIAL COATINGS

We cater to the Indian industrial coatings market through two 50:50 joint ventures with PPG Inc, USA, a global leader in coatings. The first joint venture 'PPG Asian Paints Pvt Ltd.' services the increasing requirements of the Indian automotive coatings market. The second joint venture 'Asian Paints PPG Pvt. Ltd.' services the protective, industrial powder, industrial containers and light industrial coatings markets in India.

We offer the entire spectrum of industrial coatings products such as automotive coatings, refinishes, protective coatings, floor coatings and powder coatings, among others. We are the market leader in the auto refinish segment and the second largest player in the automobile OEM segment. Our industrial coatings manufacturing capacity is being steadily enhanced to address the growing OEM demand.



₹504.3* Crores
Revenue from Operations

2.3%
Group revenue share

** PPG Asian Paints Pvt Ltd. (PPG-AP) revenues are not included*



INTERNATIONAL OPERATIONS

We operate in three regions of the world – South Asia and Indonesia, the Middle East, South Pacific and Africa through the seven corporate brands (Asian Paints, Apco Coatings, Asian Paints Berger, Asian Paints Causeway, SCIB Paints, Taubmans and Kadisco Asian Paints). Our presence in the Middle East and South Asia is significant, and we are expanding with key focus on Africa and Indonesia.



₹2,490 Crores
Revenue from Operations

11.5%
Group revenue share



HOME IMPROVEMENT BUSINESSES

Kitchens and Wardrobes

We offer contemporary modular kitchen and wardrobe products through the home improvement division to help our customers create beautiful spaces of their choice for their dream homes.



Bath Fittings and Sanitaryware

Under this category, we offer bath fittings and accessories, curated washroom areas and smooth surface work with flawless finish. The elements in use are infused with glaze surfaces that come with germicide to fight bacterial growth.

We are leveraging our distribution strength and customer understanding around décor to scale this business.



₹507.1 Crores
Revenue from Operations

2.3%
Group revenue share

Brand portfolio

Consistently pursuing portfolio growth

Interior paints



Exterior paints



Metal Finishes (Enamels)



Wood finishes range



Adhesives



Water proofing



OTHER PRODUCTS



Tools



Bath fittings and sanitaryware



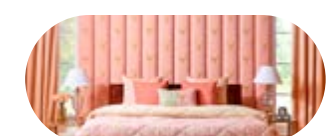
Wall Coverings (Nilaya range)



Kitchens and Wardrobes



Sanitizers and Surface Disinfectants



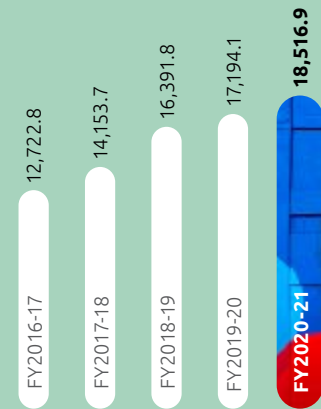
Furniture, Furnishing and Lighting

Key performance indicators (Standalone)

Numbers that reflect steady growth

PROFIT AND LOSS METRICS

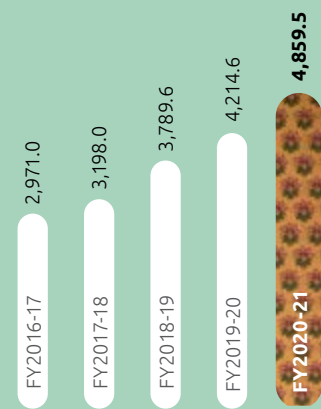
Revenue from operations
(₹ in Crores)



9.4%
5-year CAGR

7.7% ↑

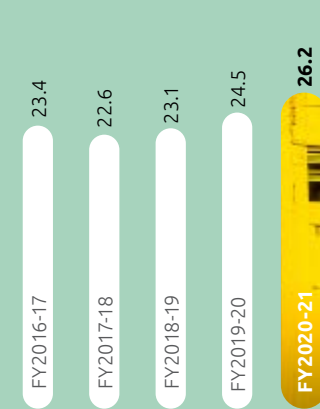
EBITDA
(₹ in Crores)



12.3%
5-year CAGR

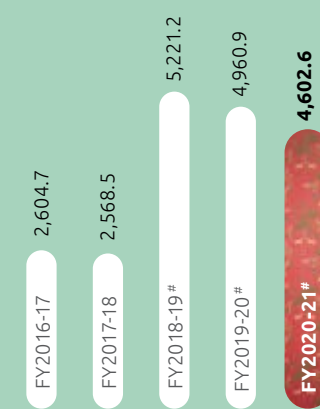
15.3% ↑

EBITDA margin
(%)



BALANCE SHEET METRICS

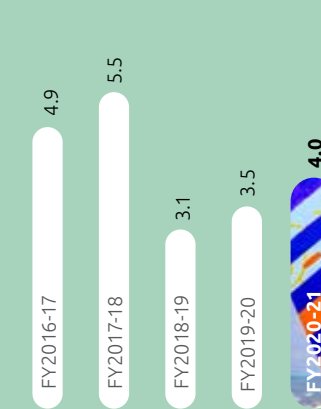
Net fixed assets
(₹ in Crores)



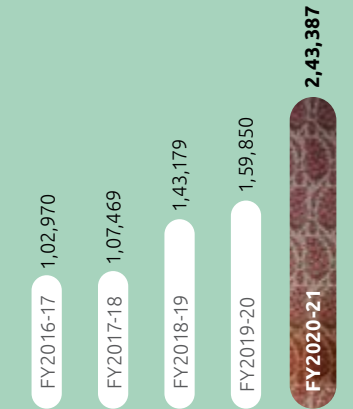
8.9%*
5-year CAGR

-7.2% ↓

Asset turnover ratio
(x times)



Market capitalisation
(₹ in Crores)

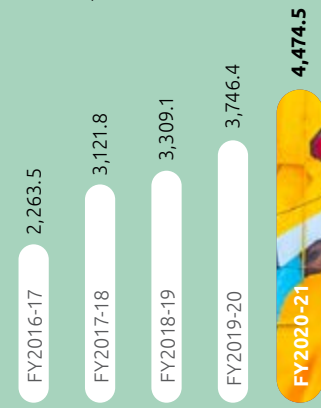


23.9%
5-year CAGR

52.3% ↑

[#] includes impact of Ind AS 116 - Leases and addition of new plants in Mysuru and Visakhapatnam
^{*} Excludes impact of Ind AS 116 - Leases

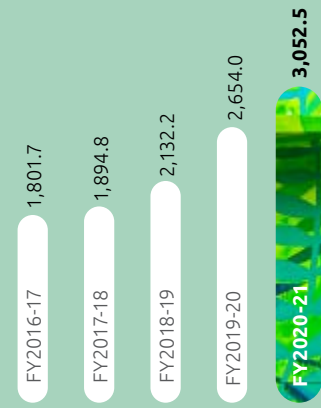
Cash generated from operations
(₹ in Crores)



10.3%
5-year CAGR

19.4% ↑

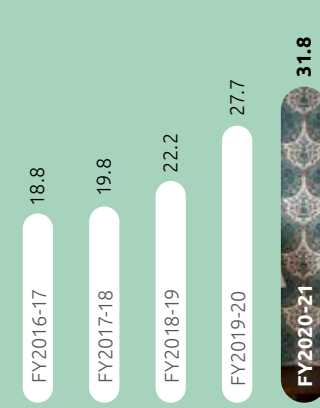
Profit After Tax (PAT)
(₹ in Crores)



13.5%
5-year CAGR

15.0% ↑

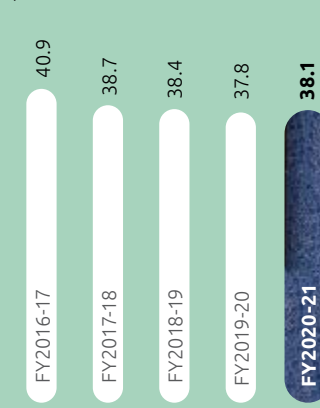
Earnings per share (EPS)
(in ₹)



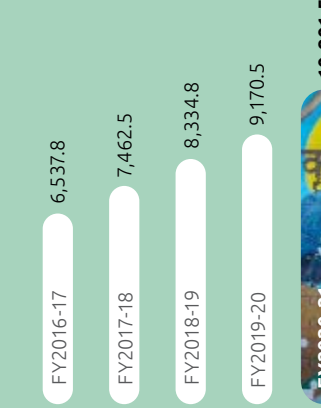
13.5%
5-year CAGR

15.0% ↑

Return on Capital Employed (ROCE)
(%)



Average capital employed
(₹ in Crores)



14.3%
5-year CAGR

17.8% ↑



Financial capital

Demonstrating prudence

KEY HIGHLIGHTS FOR FY 2020-21

7.7%

Revenue Growth

56.1%

Dividend pay-out ratio

19.8%

Profit before tax growth

₹3,248.9 Crores

Free Cash Flow

15.3%

EBITDA growth

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Economic performance



Direct economic value generated and distributed

Interlinkages to other capital



Manufactured capital



Human capital



Intellectual capital



Social and relationship capital



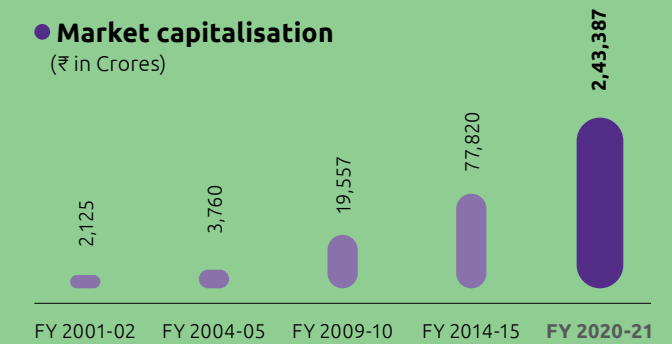
Natural capital

OUR FOCUS AREAS

- Exploring avenues for sustainable revenue growth
- Material cost and operating expense management
- Efficient asset utilisation and prudent capital allocation

SHAREHOLDER VALUE CREATION

Market capitalisation (₹ in Crores)



*Source: www.nseindia.com

The market capitalisation of the Company has grown at a robust CAGR of **28.3%** since 1st April 2002 from ₹2,125 Crores to ₹2,43,387 Crores as on 31st March 2021.

An investment of ₹1,000 on 1st April 2002 would be valued at ₹1,14,535 as on 31st March 2021, excluding dividend pay-outs. We have always believed in the support and trust provided by our shareholders, committing their wealth and supporting our growth story. With this consistent backing of our shareholders in mind, we have strived towards maintaining a healthy dividend pay-out ratio. The average dividend pay-out of **54%*** of our earnings over the past five years reflects our commitment towards sharing the wealth with our shareholders.

* Includes dividend distribution tax. Special Dividend of ₹2 per share, paid in FY 2016-17, has not been considered.

ECONOMIC VALUE CREATION⁸

Particulars	₹ in Crores	
	FY 2020-21	FY 2019-20
DIRECT ECONOMIC VALUE GENERATED	18,883.2	17,551.6
Revenues	18,516.9	17,194.1
Other income	366.3	357.5
ECONOMIC VALUE DISTRIBUTED	17,564.3	16,337.6
Operating costs	13,601.1	13,035.0
Employee benefits	1,128.7	985.4
Payment to providers of capital	1,712.2	1,151.0
Payments to government#	1,059.2	1,081.2
Community investments	63.1	85.0
ECONOMIC VALUE RETAINED*	1,318.9	1,214.0

Includes Income tax and Dividend Distribution Tax. It does not include amount paid by the Company towards Goods and Services Tax (amount of ₹1,702.4 Crores for FY 2020-21 and ₹1,230.4 Crores for FY 2019-20).

⁸ GRI 201-1 Direct economic value generated and distributed

EXPLORING AVENUES FOR SUSTAINABLE REVENUE GROWTH

Market growth has been one of our core philosophies with sustained focus on Paints and Coatings segment which is expected to drive future growth. As an established player in this business segment, we continue to witness relatively low per capita consumption at an industry level with significant scope for expansion of the overall market. Consumers are increasingly opting for high-value, superior quality and durable product offerings which again bodes well for future demand for our offerings. We have lifted upgradation strongly across markets and segments.

Another focus area for us in terms of revenue growth is the Home Décor segment as we look to penetrate deeper into this space and build upon our share of living spaces. During the year, we enhanced our Home Décor portfolio adding Furniture, Furnishings and Lightings to the existing Bath and Kitchen offerings. We are leveraging our strong Research and Development, supply chain and deep understanding of the consumers to seamlessly connect with them across our network with our new offerings, thereby further enhancing our brand recall and presence across regions. We have also launched 'Beautiful Homes Service' – a comprehensive end-to-end interior design and execution service to partner with our customers in their journey of building their dream homes. We also expect our diversified offerings to help scale-up our core paints business.

During the COVID-19 pandemic, we strengthened our presence in the Health and Hygiene segment by manufacturing and selling paints with anti-bacterial properties, sanitizers and disinfectants and more. 'San Assure' and 'Safe Painting Service' were launched to provide safe sanitization and painting services to the customers. The sanitization services helped dealers safely re-start their operations and provide a safe environment for consumers while interacting with the dealers and painters.

MATERIAL COST AND OPERATING EXPENSE MANAGEMENT

Asian Paints has undertaken various cost optimisation initiatives to ensure sustainable profitability and growth. These measures have been implemented with benefits to accrue both over the short term as well as long term. We have implemented functional-level cost saving measures across the organisation.

The core measures are as follows:

Reduction in material cost

On-going R&D and innovation in material sourcing, product formulation and manufacturing processes have led to substantial savings in material costs in FY 2020-21. The Joint Value Creation (JVC) team, along with the R&D team at Asian Paints continually work towards finding alternate suppliers and raw materials to make the products cost efficient without compromising on the quality of products. Expanding the vendor base and improving sourcing efficiencies are pivotal in optimising material cost for the organisation.

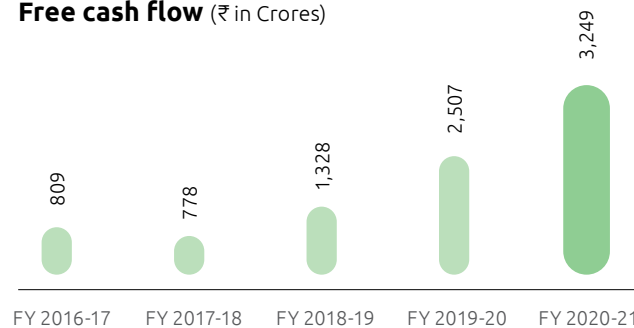
Various projects were undertaken during the year to improve product formulation and sourcing efficiencies. Project DhanantaShastra (Generating Infinite Value through New Strategies and Thinking), involved successful ideations between our vendors, R&D and JVC teams thereby identifying breakthrough opportunities in terms of identifying avenues for material cost savings. This resulted in identifying new material sources and improving our manufacturing processes to bring about a reduction in material cost.

Reducing operating expenses

We adopted a meticulously planned approach towards reducing the costs across operations. Costs like primary, secondary, and tertiary freight, travelling, rent expenses, power and fuel costs which form a large portion of the operating expenses were targeted through in-depth analysis to identify and capitalise on optimisation avenues.

Efficient asset utilisation and working capital management driving strong Free Cash Flow (FCF) generation

Free cash flow (₹ in Crores)



Efficient debtors and inventory management measures have consistently driven strong cash flow generation over the years. The approach is to generate adequate demand in the market so that dealers can rotate their inventory faster and thus operate on a lower credit period with Asian Paints and to increase the credit granted by creditors. The latter is done by leveraging our long-term relationships with vendors and suppliers built on a solid foundation of trust through timely repayment of dues. On the inventory management front, we focused on reducing generation of dead, damaged and defective materials.

Throughout the year, utilisation of manufacturing assets was enhanced through various initiatives around de-bottlenecking and cycle time reductions. Liquidation of non-core assets like real estate properties has also made a positive impact on free cash flow generated over the years.

Increase in credit grant period: Increase in credit period for outstanding payment to vendors made a positive impact on the working capital cycle.

Efficient debtor management: We have ensured swift collection from customers by introducing new credit terms to encourage customers to make timely payments.

Reducing non-core requirements: This has been done with an intent to ensure higher liquidity and availability of cash. Non-core working capital requirements have been controlled to reduce the extent of tied-up capital.

Liquidation of old inventory: Slow moving inventory and inventory with low shelf lives are continually liquidated with the aid of offers and schemes to free up funds tied-up in the working capital cycle.

FREE CASH FLOW DEPLOYMENT AVENUES

- Capacity expansion in current businesses
- Dividends to shareholders
- Investment into new products, solutions and offerings



OUR RESPONSE TO COVID-19

We undertook prompt actions on multiple fronts during the initial phases of COVID-19 pandemic and subsequently, throughout the year. With respect to the financial capital, our actions and approach towards navigating the challenges presented by the COVID-19 pandemic were centred around the following focus areas:

- Efficient working capital management
- Providing additional credit period and incentives to dealers for timely payments
- Rationalisation of capital expenditure with focus on business-critical expenditure to maintain liquidity
- Cost optimisation



Manufactured capital

Creating a success pipeline



Khandala plant

KEY HIGHLIGHTS FOR FY 2020-21

Over 1,900+ 48

Employees grouped into 150+ smaller cross-functional teams for overcoming operational challenges

New products/ variants developed

Introduction of Health and Hygiene portfolio

39

Improvement projects identified and implemented by teams in FY 2020-21 across six manufacturing facilities

60+

Online and classroom training modules identified for development last year

5000+

Kaizens/improvement suggestions submitted by employees across cadres across all manufacturing sites

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Occupational health and safety

Interlinkages to other capital



Financial capital



Intellectual capital



Human capital



Social and relationship capital



Natural capital



OUR FOCUS AREAS

- **Manufacturing excellence**
- **Workforce development and training**
- **Diversification of product portfolio**
- **Occupational health and safety**
- **Sustainable supply chain management**

Manufactured capital is a crucial factor in our success. It sustains additional value for our stakeholders by driving the production of our creations. Our manufactured capital is defined by its focus on optimising its productivity.

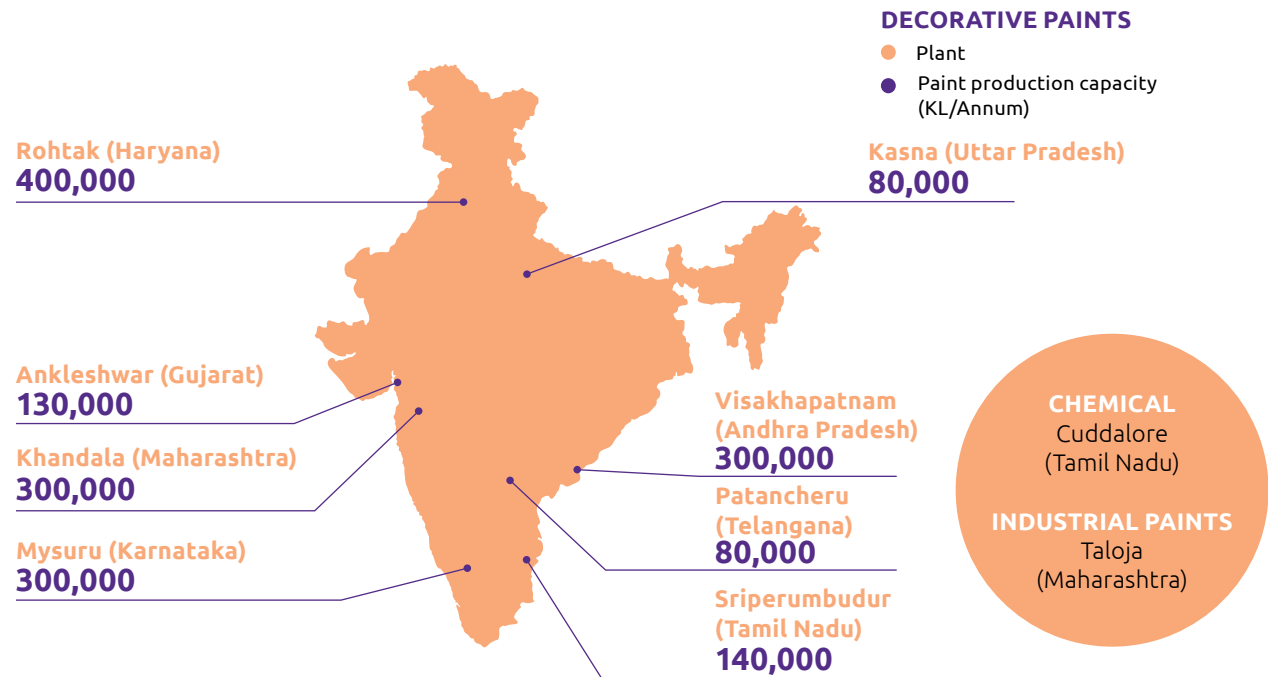
At Asian Paints, we are strengthening our manufacturing capabilities from capacity, flexibility, scalability, safety and sustainability aspects.

We are focused on optimising our costs to maximise resource use efficiency. We aim to improve the flow and working of our intricate supply chain by incorporating sustainable practices to meet our demands in a timely and organised manner. In doing so, we continuously exploit the technological changes in innovating newer products and ways of addressing our customer demand. We are committed to maintaining environmental compliance and sustainable practices throughout our manufacturing process.

OUR MANUFACTURING LOCATIONS ACROSS INDIA:⁹

We operate eight decorative paint manufacturing plants across India, integrated with a wide customers' network. Our products are aligned to our customers changing

demands and needs. We continue to strengthen our brand value proposition by delivering a wide range of quality products on time and where it is required.



Note: Map not to scale

Apart from our own manufacturing setup, we also use facilities of Outsourced Processing Centres (OPCs) to meet our manufacturing needs. The OPCs are in compliance to all applicable laws including environmental and labour laws.

OUR MANUFACTURING JOURNEY IN FY 2020-21

New product innovation

- Launched the highest number of new products in the Company's history during FY 2020-21
- Demonstrated agility and efficiency in building a robust supply chain and manufacturing system for these products
- Implemented safety measures against COVID-19 throughout our manufacturing practices and processes

New health and hygiene portfolio

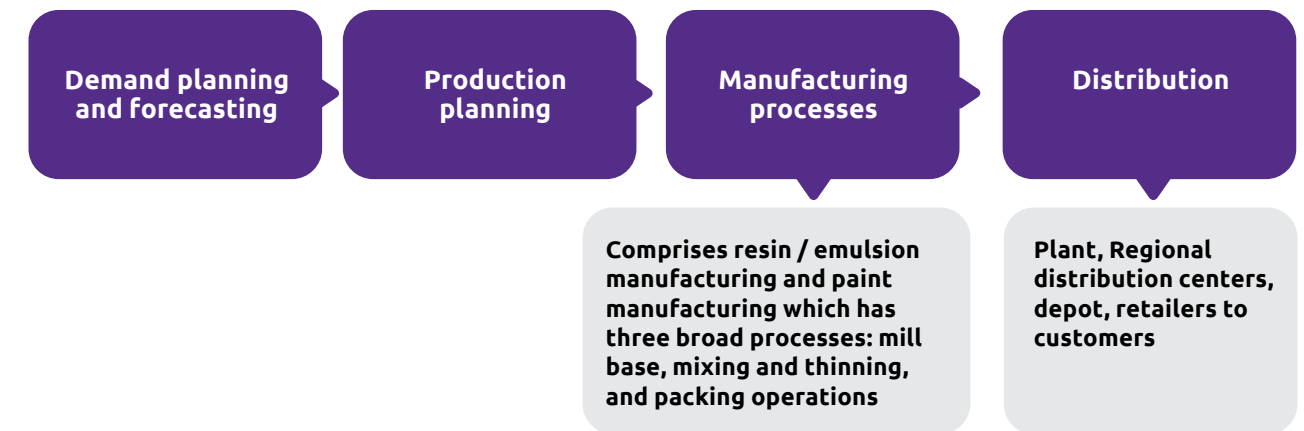
- Introduced a new health and hygiene portfolio within our manufacturing units to help address the need of the hour
- Set up manufacturing facility of sanitizers in a very short period
- Continuing to build a resilient supply chain with an array of products designed to suit the need of the hour

⁹ GRI 102-4: Location of operations

Strategic outcomes as a result of our technology-led innovative manufacturing



OUR VALUE CHAIN



ADDING VALUE TO OUR MANUFACTURING PROCESS

Cutting-edge technologies

We have focused on automation to improve the accuracy of our production processes and deliver consistency throughout our manufacturing process and reduce waste. Our plants use Industry 4.0 technology capability which allows us to operate, monitor and optimize our manufacturing processes through effective use of data gathered at each step of our manufacturing process.

We introduced a robust automated data analytics system across our plants. We have analysed data

flowing through our state-of-the-art Manufacturing Execution System (MES) and a Distributed Control System (DCS). Each of our machines has sensors that provide us with valuable feedback on accuracy of material additions, adherence to recipe parameters, etc, which help us optimise our manufacturing practices to best suit our cost reduction objectives and manufacturing excellence. This has resulted in real business impact in terms of machine cycle time reduction, energy cost savings, and material cost savings by improving accuracy of additions.

Manufacturing data analytics

- Helped us in identifying the operational bottlenecks and deep diving into those analytics has resulted in increased productivity and capacities.
- Enabled better inventory management of spares
- Enabled material and operational cost savings

Some of our key highlights in terms of manufacturing excellence include:

- Enhanced capacity of solvent base paints through process de-bottlenecking
- IMS certification for our plants in Mysuru, Karnataka and Visakhapatnam, Andhra Pradesh
- Ankleshwar plant, Gujarat achieved a 5-star rating in safety audit by the British Safety Council

Manufacturing excellence

At Asian Paints, we have adopted manufacturing excellence program which is a digital integrative improvement solution that assists in achieving sustainable results through best practices and work process improvement across by involving the plant operations teams. Introduced in FY 2014-15, currently, 6 out of 8 decorative paint plants make use of this solution and framework to drive a comprehensive manufacturing excellence program. Our newest plants Mysuru and Visakhapatnam will now be onboarded on the practice. The program allows each plant to retain its unique context and functioning yet allows us to synchronise and standardise the best practices and processes across the plants to continually improve quality in our shopfloor operations.

Manufacturing excellence initiatives

The plants have created individual goals aligned with the organisation's vision, providing a strategic direction to the plant operations for a period of 3-5 years. This plant vision gives a clear direction to plant teams across areas of operational productivity, cost, quality, safety, environment, and employee morale.

The manufacturing excellence initiative has helped us strengthen our continuous improvement culture, which is key to being reliable each time and every time.

We are committed to ensuring a defined standards of operations throughout our facilities which surpass statutory requirements. To maintain this standard, we are cognizant of all our extended responsibilities throughout the manufacturing process. These include -






- Safe handling and reduction of hazardous material
- Monitoring safety incidents to reduce their frequency on the facility's premises
- Process monitoring and quality control parameters

Our logistics distribution network is designed to ensure benchmark service levels in terms of Order Fill Rates and Order Cycle Times to our dealer network. We constantly use advanced algorithms that allow us to improve our demand forecasting, inventory planning, distribution planning and transportation planning thereby making our distribution network cost efficient.



OUR RESPONSE TO COVID-19

Detailed plant shutdown procedures were prepared. These were looked at from a long-term shutdown perspective since normally operations are not shutdown beyond a week. Risks arising out of absence of qualified personnel during lockdown were also reviewed and mitigating protocols were put in place.

 <ul style="list-style-type: none"> • Hazardous materials were shifted to dedicated spaces for storage¹⁰ 	 <ul style="list-style-type: none"> • Active steps were taken to mitigate chemical storage risks during the lockdown. This has helped us improve our storage practices for the future 	 <ul style="list-style-type: none"> • Daily visits were undertaken to check on key aspects of plant functioning
 <ul style="list-style-type: none"> • A detailed plant start-up guideline document and procedures were prepared and implemented covering various aspects of tank farms, plant equipment and utilities given the prolonged shutdown 	 <ul style="list-style-type: none"> • After the lockdown period, the plants were operated keeping in mind the health mandates put forth by the government to ensure social distancing and sanitization. Facilities were regularly sanitized, and health assistance was arranged for people residing inside the plants to ensure immediate support if needed 	



¹⁰ GRI 306-4 Transport of Hazardous Waste



Managing people with empathy



KEY HIGHLIGHTS FOR FY 2020-21

23,514

Employee strength inclusive of permanent and temporary employees

10.1%

Increase in number of women employees

809

Permanent employees hired

₹20.1 Crores

Invested on trainings and education

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Occupational health and safety



Employee well-being

Interlinkages to other capital



Financial capital



Intellectual capital



Manufactured capital



Social and relationship capital

At Asian Paints, our employees are at the core of our organisation driving the entire value creation model. Employees are also the agents who help meet the expectations of all other stakeholders. Our focus remains on being a high-performance organisation by proactively identifying and addressing issues which are of importance to our employees. We consider safety and well-being of our employees as our foremost priority with our safety policy focusing on Zero injuries, zero occupational illness and zero property damage. We believe in nurturing talent and creating an environment where everyone can perform to their full potential. An inclusive work culture and well-defined roles help our employees achieve excellence. We, as an organisation, have always focused on being true to our culture and values.

Human capital plays an important role in setting and accomplishing breakthrough outcomes while improving processes, products and services and adopting cutting-edge technology.

The Asian Paints charter aligns our processes and frameworks with defined values. To ensure that the values are seamlessly driven through our actions and behaviours and at the same time cascaded to all levels of employees in the right spirit, the Leadership Competency Framework was redefined to create the Value-based Behaviours Framework (VBF). The VBF has been fully integrated with various HR processes such as Recruitment, Onboarding, People Review Process and 360° feedback. Learning journeys are designed and integrated with the anchors of VBF for all grades and functions in the organisation.

We engage with prospective employees through CANVAS which is one of the most prestigious case competitions in the premier business schools. This year, our career pages on social media platforms also saw several campaigns being run to engage and communicate with the relevant talent pool with a focus in the emerging areas of Design and Décor.

OUR FOCUS AREAS

- **Leadership development**
- **Capability and organisation development**
- **Employee Wellness**
- **Occupational health and safety**
- **Future-ready and diverse talent pool**
- **High-performing teams**



LEADERSHIP DEVELOPMENT

We have worked on creating 'One Link', a team comprising the General Managers, Associate Vice Presidents and Vice Presidents of Asian Paints, led by the Managing Director and CEO as a forum for developing the next leadership at the Company level.

During the year, multiple initiatives were taken to develop the 'One Link'. With the help of an external coach, the essential competencies for the success of 'One Link' were identified. The One Link arrived at a five-point scale for each of these competencies and rated each other, including the MD and CEO, on the competencies. The feedback received was used by the members to work on and assess themselves in the periodical self-ratings. The One Link, being committed to each other's success, reached out to each other to provide support on areas where they could help. This was supported by independent assessments and inputs from the Coach over more than 18 full days 'One Link' sessions during the year.

The 'One Link' also actively took up the agenda of developing our managerial talent pool. The rigorous methodology adopted to accomplish breakthrough projects required individuals to perform at a high level of intensity and to hold each other accountable while trying to find pathways to accomplish the outcomes. This methodology offered a good opportunity for developing individuals while delivering breakthrough outcomes. Individuals developed a sound sense of overall business as well as build competencies to work in these high-performance teams. These projects also provide an opportunity for peers and supervisors to give work-related feedback for individuals to develop. These are then entrenched in the people review process and development plans for the individual. The overall culture of performance and leadership in Asian Paints is being transformed to propel the Company into future.

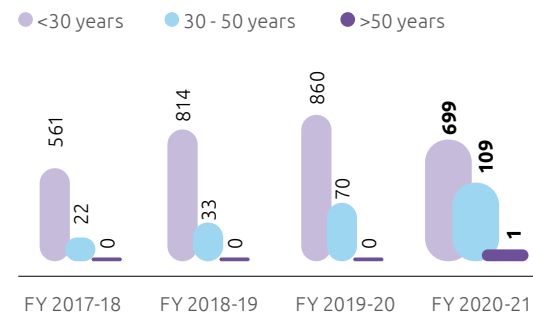
We conduct structured learning journeys which helps the managerial cadre transition from one level to other¹¹. The learning journeys are contextualized and designed in a manner such that the employees get an immersive experience which helps them to effectively meet the transition challenges as they move into different levels. For example, on one hand, we have an Emerging Leaders programme for managers and executives hired from campus within one year of their joining that aims at organisational and functional understanding with few elements of managing team and work. On the other hand, for lateral managerial joiners, we have structured cross-

functional induction program which has different elements catering to the expectations of related roles. Similarly, for middle management employees, we have structured strategic leadership journeys which highlights the leadership expectations from such levels including know-how and leadership acumen needed to handle the complexities associated with such levels. The curriculum is designed basis extensive research and is anchored by experienced internal subject matter experts and renowned professors from premier institution such as IIMs, ISB, National Law School, Bangalore, etc.

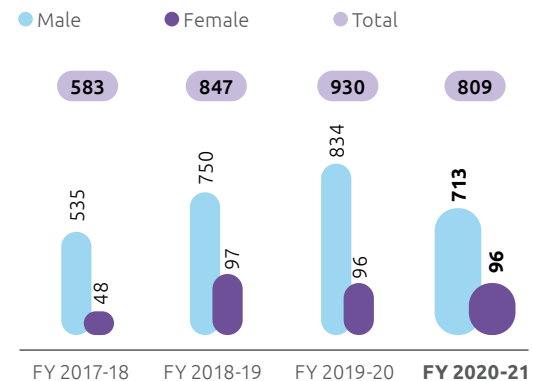
FUTURE-READY TALENT POOL

We are continuously striving to make our organisation inclusive and diverse in order to bring different sets of culture, thought process and a variety of talent in our firm. As an organisation we feel that to cater to a diverse market, we need people with diverse background, age and skill set. The following graphs¹² highlight the trend of new employee hired in the past few years.

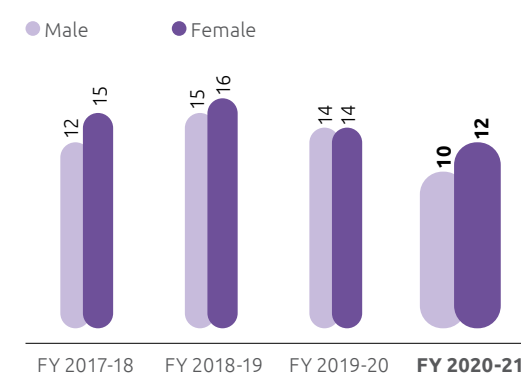
Employees hired by age group (numbers)



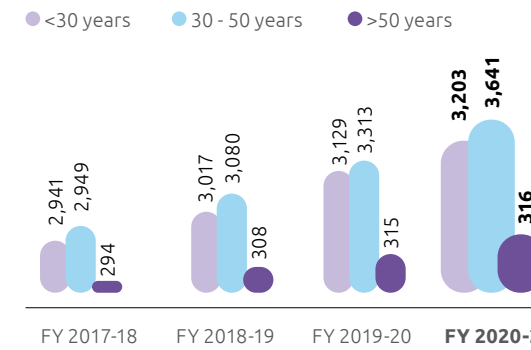
Employee mix by age and gender (numbers)



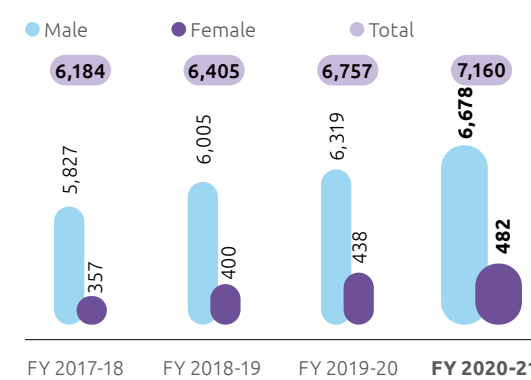
Employee turnover (%)



Total number of employees by age group (numbers)

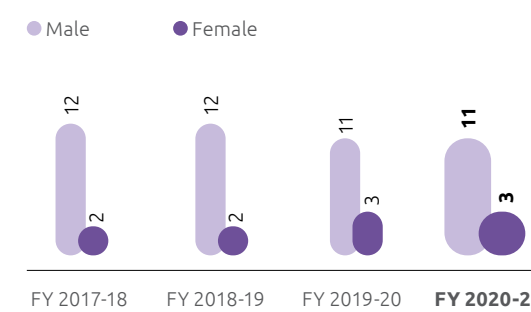


Total number of employees by gender (numbers)

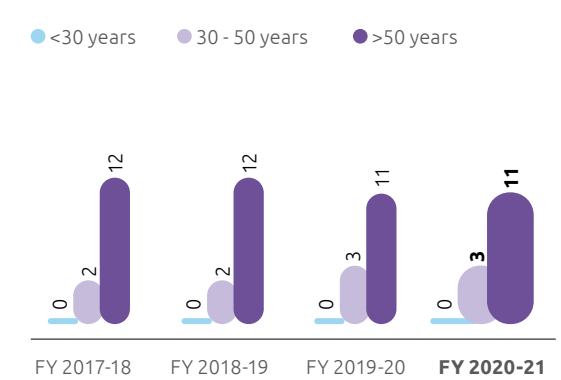


The diversity on our Board of Directors has been highlighted below:

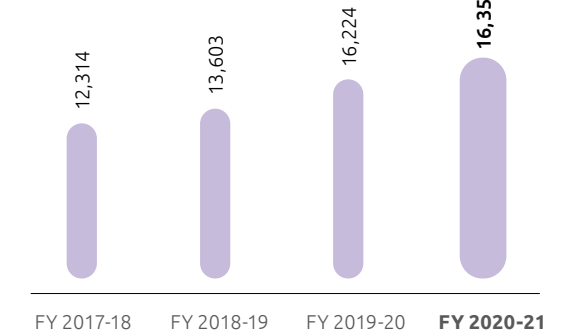
Diversity of the Board by gender (numbers)



Diversity of the Board by age (numbers)



Total temporary and contractual employees (numbers)



There has been an increase of 10.1% in the number of female employees in the reporting year. To empower our female employees, we have undertaken various initiatives. One of the initiatives being mentorship programme for women wherein, new management trainees are supported by our senior women employees for a period of three to four months. We are proud to say that women supervisors are managing shifts in two of our modern plants in Mysuru, Karnataka and Visakhapatnam, Andhra Pradesh.

Apart from that, we have a platform called 'SWARA' which is an internal network of women employees. Programmes and conversations around safety, health and wellness were conducted under SWARA.

CAPABILITY AND ORGANISATIONAL DEVELOPMENT

One of the ways to constantly forge ahead is to upgrade one's knowledge and skills and we at Asian Paints believe in making our people future ready. We constantly encourage employees to work in collaboration with different teams and business segments to enrich their overall exposure.

¹¹ GRI 404-2 Programs for upgrading employee skills and transition assistance programs

¹² GRI 401-1 Employee hire and turnover

¹³ GRI 102-8 Information on employee and other workers

Graphs not to scale

In addition, we are making efforts to create an environment where a diverse workforce can be retained, and more women leaders can emerge. The following graphs showcase future-ready and diverse workforce¹³ in our organisation with respect to our operations in India.

Framework and initiatives for holistic development

We have built a comprehensive framework for holistic development of our employees by providing them various trainings and development programmes focusing on mindset, skill sets and tool sets. We conduct programmes on organisational values intended towards mindset change, which includes standing for each other’s success, audacity, creative zeal, integrity and scientific rigour.

We believe in the blended learning philosophy and our offerings are a mix of the traditional Instructor-led Trainings (ILTs) and technology-enabled modules (e-learning, social learning). A mix of internal and external trainers anchor most of the intervention basis relevant expertise. Our employees have access to e-learning courses, which helps employees to choose relevant offerings to suit their developmental requirements and professional coaches for individual growth and development. In order to complement business outcomes, the Talent Management and Development team in partnership with the Business HR works closely with the functions and plans various “organisation development” journeys such as leadership for finance, structured communication skills for sales and marketing, collaboration journey for R&D, negotiation journey for sales, design thinking and excellence for manufacturing.

Some of the key training programmes¹⁵ that our employees have undergone are:

- Business Management Programme in collaboration with IIM Bangalore for 45 managers and executives with an aim to provide our employees with an exposure to general management, business perspective and specialisation related to either sales and marketing or supply chain
- Impact Programme for over 60 executives across different functions that covered concepts of business management, problem-solving etc
- We also conduct the Connect Programme which provides emphasis on building people management capability among managers in manufacturing plants. The programme focuses on developing relevant skills on key attributes to foster workplace relationships
- In addition, we conduct mindfulness sessions, financial wellness and parenting sessions, along with POSH training sessions for employees of the Company

We have a 360-degree collective feedback in place to help an employee expand and plan their development to emerge as leaders of tomorrow. All our employees receive regular performance feedback and we have a People Review process, which identifies development opportunities and plan the development journey for our managerial cadre.

An organisation-wide employee engagement survey was also conducted in FY 2019-20 through partnership with a renowned people consulting firm. The survey was anchored around several drivers such as leadership, enabling infrastructure, collaboration, rewards and recognition. Based on the outcome of the survey, several initiatives have been taken up across the organisation to address the identified gaps.

¹⁵ GRI 404 Training and Education



EMPLOYEE WELLNESS

At Asian Paints, we aim to create a work environment where our employees can unleash their highest potential. We believe that physical and mental wellness are equally important as a factor for overall development of an individual. To protect the employee’s mental health and to provide an easily accessible support, we have a 24/7 service called Employee Assistance Programme (EAP) to help in the holistic development of our employees. We continue to focus on caring for our temporary employees as well. Our temporary employees receive timely payments and reimbursements. Further, we also have a programme to switch them to Asian Paints Ltd. payroll on completion of certain period and demonstration of required skill sets.

Some of the benefits^{16,17} which our permanent employees are entitled to have been highlighted below:

- We have special kinds of leaves other than regular leaves like maternal, paternal, adoption and surrogacy leave policy and childcare leave policy. In addition, we have sabbatical leave policy for employees who wish to take a break from work to pursue higher education, personal goal or manage a critical life priority

- We also provide adequate insurance to all employees and their dependants under group mediclaim, term insurance and personal accident policies
- We provide financial assistance to our employees for programmes which are relevant to the field of work in their quest to upgrade their knowledge and skills through distance learning courses, online certifications, part time courses, etc
- We conduct mentorship programmes and women wellness campaigns which aim at enhancing the physical, mental and social well-being of women employees

We do not discriminate on the pay and conditions of employment between our male and female workers engaged in a similar role¹⁸. Similarly pay and conditions of employment are not discriminated on grounds of race, religion, caste, creed or any such ground.

NUMBER OF WOMEN EMPLOYEES WHO AVAILED MATERNITY LEAVES AND RESUMED WORK

YEAR	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Number of females who availed maternity leave	27	35	27	23
Number of females who returned to work after maternity leave ended	15	24	19	23
Number of females who returned to work after maternity leave ended who were still employed 12 months after their return	14	21	18	*

* Will be assessed in FY 2021-22

¹⁶ GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

¹⁷ GRI 401-3 Parental Leave

¹⁸ GRI 405- Diversity and equal opportunities



NATURE & US

PROTECTING HUMAN RIGHTS

Human rights principles as enshrined in the United Nations Global Compact (UNGC) are embedded in our core values and system. We have a firm human rights policy and framework that focuses on good governance, our commitment to abiding by each law, ensuring timely payment of employee salaries, and providing equal opportunities without exception.

We encourage our employees to use grievance mechanism for any kind of complaints. We also ensure that the rights of our supply chain partners are protected. Our zero-tolerance policy provides effective safeguards against child labour, forced labour, sexual harassment, discrimination, harassment, etc. It is also ensured that the outsourced processing centres that we engage with comply with all the legal requirements including child labour laws by following the minimum age criteria of 18 years across all our operations¹⁹. We have an effective mechanism to deal with sexual harassment cases and have formulated a policy against any kind of discrimination.

To protect the interest of our employees and our trade unions, we provide them a notice period²⁰ of 21 days in case of any operational changes. In addition, we have a well-established collective bargaining process in place wherein management reaches an agreement with unions once in three years²¹ at our manufacturing plants. Our whistle blower policy allows all our employees to report any kind of suspected or actual misconduct in the organisation.

We follow the laws and regulations pertaining to human rights and awareness. The workshops on code of conduct of the Company covers aspects of human rights and awareness.

Case Study

Culture of collaboration

We took up this initiative during the reporting year of building a 'culture of collaboration' across various group companies and functions. Collaboration helps in knowledge sharing, boosting our morale, bringing people closer and opening new channels of communication. The objectives of the index was driven by one of our objective of becoming an inspired and purpose-driven 'ONE team' that stands for each other's success.

With this objective, we carried out a company-wide exercise to create the Collaboration Index. Inputs from the leadership, values, existing literature, as well as inputs from the entire middle management went into creation of the Asian Paints Collaboration Index. More than 400 collaborators were a part of this initiative on an itemised survey, which captured different aspects of the index. The individual scores and leadership dashboard were made available so that necessary actions for development can be taken up at an individual or at functional level. The results of the qualitative and quantitative surveys conducted indicated that we have initiated a culture of collaboration which is being appreciated and adopted across the organisation.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to protecting health and safety of our employees, service providers and our communities by managing our operations and deploying resources using principles of sustainable development. During the pandemic, we made sure that we gave safety of our employees the highest priority by ensuring regular sanitization of working spaces, safe distance working practices and the use of protective gears. Our products undergo continuous evaluation to improve their environmental and safety footprint.

One of our key focus areas remain safety of employees and we are investing in technologies and processes to avoid and minimise the manual interfaces with machines. Our health and safety management system²³ is based on ISO 45001, the International Standard for Occupational Health and Safety. Our management system is also designed to cater to the Five Star Integrated Audit by British Safety Council which is a leading global recognition in the field of Occupational Health and Safety Systems. The management system covers eight decorative business manufacturing plants in India, Industrial paint plants at Taloja, Navi Mumbai, Penta Plant at Cuddalore and Research and Technology laboratory at Turbhe, Navi Mumbai. Our health and safety management system covers our workforce including contractor workmen, drivers, cleaners and visitors etc.²⁴

Our framework involves systematic processes for identification of work-related hazards. We annually plan and provide training on Health Identification and Risk Analysis (HIRA)²⁵. Our different activities assist in identification of fire hazards, preparation of action plan for control system and plans to mitigate or eliminate hazards. The evaluation of these risks is based on processes of risk assessment for activities, building, equipment, chemical and fire risks. We regularly conduct review and communication of HIRA to reduce the risks of hazards. Further, we have developed a process 'stoppage of work due to unsafe act and unsafe condition' to safeguard employees'

interest to report or remove themselves from situations they believe could cause injury. Our work-related hazards are due to material handling and these hazards are identified in HIRA. We carry out activities such as manual Material Risk Assessment, Survey by Industrial Hygienist and accordingly take actions. All our new plants are highly automated with conveyors and robotics palletisation. In addition, we take extreme precautions to handle hazardous waste at our plants.

Our procedure of investigation of work-related incidents involves formation of a competent team, investigation and analysis of the accident or incident, review of investigation and risk assessment followed by implementation of corrective and preventive actions. Moreover, we have appointed a professional healthcare service provider for our employees. Monthly review meetings are carried out by corporate safety functions with plant representatives to improve our safety measures.²⁶

The workers at our plants participate in safety committee meetings, suggestion schemes, selection of safety equipment, promotional activities, etc. To ensure worker safety and participation, three safety committees have been formed at different levels such as Department/Section Safety Committee, Apex Safety Committee and Safety Council.²⁷ Our committees promote workers and management participation to ensure safety at work.

Over the years we have been able to receive recognition in the form of awards and achievements related to safety of our manufacturing plants. As a part of our safety assessment, customised agendas have been undertaken by each plant as a part of the behaviour-based safety programme for our employees and contractors. Moreover, our occupational, health and safety parameters are maintained and recorded on calendar year basis. During FY 2020-21, we witnessed 55 recordable work-related injuries and 14 Lost Time Injuries (LTI). This resulted in Lost Time Injuries Frequency Rate (LTIFR) of 0.72 and severity rate of 23.44.

Work-related injuries at our plants on calendar year basis:^{28,29}

PARAMETER	Calendar year 2017	Calendar year 2018	Calendar year 2019	Calendar year 2020
Recordable work injuries	48	77	43	44
Fatalities	0	0	2	1
LTI	6	10	12	13
LTIFR	0.35	0.58	0.61	0.72
Severity rate	33.28	42.22	628.91	355.24
Frequency severity Index	0.003	0.005	0.020	0.016
Total manhours worked	1,70,07,102	1,71,00,199	1,97,69,178	1,80,01,675

¹⁹ GRI 408- Operations and suppliers identified as having significant risk for incidents of child labour and mitigation
²⁰ GRI 402-1 Minimum notice periods regarding operational changes
²¹ GRI 407-1 Freedom of Association and collective bargaining

²³ GRI 403-1 Occupational health and safety management system
²⁴ GRI 403-8 Workers covered by an occupational health and safety management system
²⁵ GRI 403-2 Hazard identification, Risk assessment and Incident investigation

²⁶ GRI 403-3 Occupational health services
²⁷ GRI 403-4 Worker participation, consultation and communication on OHS
²⁸ GRI 403-9,10 Work related injuries
²⁹ GRI 403-10 Work related ill-health



Despite taking safety measures, we deeply regret the occurrence of a fatality at one of the plants in the calendar year 2020. We took several corrective measures to ensure safety of our workers and address the gaps. The safety initiatives included raising awareness among the drivers, inspecting

truck cabin handle and footrest for sturdiness, putting up display boards indicating three-point contact for cabin ingress and egress and delivering safety briefings to cleaners. In addition, we made it mandatory for both drivers and cleaners to wear helmets and shoes before entering the factory.

Case Study



Occupational health and safety trainings

Our permanent and temporary employees, including employees with disabilities have undergone various trainings related to health and safety. The trainings were conducted at several locations such as decorative manufacturing plants, chemical plant, sales and other offices etc.

Some of the trainings that we provide to our employees on health and safety include³⁰:

- Safety induction for employees and contractors
- Basic training in case of a fire accident
- First aid training in case of an emergency situation
- Chemical safety to manage the hazardous chemicals at workplace

- Permit to work and safe isolation
- Onsite emergency plan to train employees for sites involving a crisis etc.

In addition, we also conduct annual medical examination for our employees and have developed various occupational health initiatives such as awareness sessions on diabetes, hypertension, smoking and alcohol etc³¹. The employee health of every plant is being measured through a scorecard, which was designed and deployed this year. Further, a consolidated safety training plan for all the plants is also being developed.

We are taking various preventive and mitigation measures to reduce occupational health and safety impacts such as quantitative risk assessment for manufacturing operations. External audits are also conducted once in three years for each plant by British Safety Council. In addition, we implemented behaviour-based safety in all our plants by partnering with a consultant.³²

³⁰ GRI 403-5 Worker training on occupational health and safety

³¹ GRI 403-6 Promotion of worker health

³² GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Case Study

Behaviour-based safety implementation

It is vital for us that we observe and continuously work towards improving our safety behaviour. At Asian Paints, we took up this Behaviour-based Safety (BBS) initiative which is a structured culture-based intervention programme towards achieving zero accidents. This programme was initially launched at Ankleshwar plant in 2014 and after a successful journey and learnings was later extended to other plants.

The programme aims at taking all the decorative plants to generative stage in the next five years. The process typically involves factories undergoing baseline assessment to establish a maturity level followed by periodic assessment every two years to review the progress made. The objectives of this programme are as follows:

- Preparation of the framework for guiding the plants to generative stage
- Defining review parameters and finalising the initiatives to be implemented
- Drafting common as well as site-specific actions to be implemented across all the plants

- Initiating and establishing life-saving behaviour across all plants
- Training our teams to conduct assessment internally

We focus on finding the root cause of risk behaviour and eliminating it as the first step towards risk mitigation. In calendar year 2020, we conducted more than 25,000 conversations around Safe Unsafe Acts (SUSA) to raise awareness. It is important to conduct risk assessment on a continuous basis to mitigate any possible risks. With this thought, we conducted more than 3,650 Hazard Accident Risk Prevention (HARP) personal risk assessment across various cadres. Further, we carried out trainings of more than 23,000 man hours to effectively induce the BBS in our workforce.

We believe that each one of us has the potential to transform our attitude towards safety. We have taken inspiration from the tag line "Apni Suraksha Apne Haath" (Our safety is in our hands) to responsibly take actions. Additionally, we have taken this approach of sensitising people on safety at the beginning of various forums like meetings and presentations. This creates an impact in minds by encouraging them to think about safety while performing any tasks.

OUR RESPONSE TO COVID-19

During this year, due to COVID-19, we faced many uncertainties and challenges. To mitigate these risks, changes were introduced at an organisational level. We followed digital onboarding process for hiring new employees and encouraged majority of our people to work from home during this time. We ensured that all our plants are always well sanitized. Employee mental health was a big concern during the pandemic. We developed a communication channel which was being utilised to address issues related to mental health. We empowered our employees by building their conviction and confidence to manage difficult circumstances and take decisions with one such example being functioning of canteen in our plant to

ease the access of food during lockdown. As a part of our training and development initiatives, we trained our employees to be future ready by working on their well-being and engaging them in different teams, business segments to enhance their overall exposure which is a differentiating factor that sets us apart. Various employee wellness programmes targeted at physical, mental, financial wellness as well as disease and ailment control were conducted remotely to ensure high morale among our workforce even through these difficult times. A special insurance cover was introduced this year for our employees against COVID-19 related expenses incurred by them. One of our major highlights was providing regular yearly incentives and increments to our employees without any salary cuts or layoffs.

Intellectual capital



Keeping the spirit of discovery alive



KEY HIGHLIGHTS FOR FY 2020-21

48

New products/ variants developed

20

Patents filed

₹82.6 Crores

Spent on research and development

₹45 Crores

Investment in information technology

200+

Scientists in research and technology

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Social impacts of products

Interlinkages to other capital



Financial capital



Human capital



Manufactured capital



Social and relationship capital



Natural capital

OUR FOCUS AREAS

- Automation and digital interventions
- Product diversity and environment friendly products and processes

RESEARCH AND TECHNOLOGY

At Asian Paints, we have identified our key focus areas to drive innovation and incorporate technology in the business value chain.

In over seven decades, we have shaped and reinforced our leadership through consistent innovation in products and services in line with the evolving aspirations of the customers. We believe in bringing revolutionary change by focusing on transforming all spaces and objects and bringing happiness to the world. We are committed to bringing the innovation in product development and redefining our existing systems and processes. With focus on creating a diverse range of products to meet the expectations of all customers, we are constantly exploring and introducing best-in-class products and solutions. For us, at Asian Paints, intellectual capital is the key to unlock unexplored potential of people, products, and markets.

PRODUCT DIVERSITY AND INNOVATION

In an unprecedented year which witnessed lockdowns and restrictions on routine working, the Asian Paints Research and Technology function, with due permits from the concerned local authorities and judicious shuffling of manpower, bravely continued its journey of supporting the business goals and developed new products resulting in foray into new markets and introduction of several new products. 200+ plus highly qualified experts and state-of-the-art laboratories and the Research and Technology centre at Turbhe, Maharashtra we have filed 20 patents in the current year, of which three have been in industrial paints and two for global operations. One patent has been filed for hand sanitizer category as well. We have cumulative total patent filing count of 76 patents, with a healthy commercialisation. Our team of experts and scientists have published six research papers in FY 2020-21, through national and international journals to lead and guide the industry.



We have accepted the challenges posed by the macro environment by extending our support with initiative of strengthening the health and hygiene product platform. We have developed formulations diligently and introduced several new raw materials to launch a range of products which includes sanitizers and disinfectants. As a result of these products, we have received overwhelming response from the market with additional revenue to business.

In its quest for excellence through Right First Time (RFT) to market and zero product complaints in new and existing products the R&D team constituted a new initiative, 'Quality at Source', wherein a thorough review of new product launches is held regularly by the leadership team to validate approach, lab, and field-testing protocols to provide timely inputs before designs are standardised. We are agile while responding to regulations with upgraded analytical testing of paints and coatings.

Under its initiative of 'Nexpedition' our scientists are actively engaged in creating the next pipeline of innovation and are currently working on several different projects in emulsions, resins, waterproofing, exterior and interior paints, enamels, and industrial paints to create the next level of breakthrough for the business. The entire process is built on a collective participation process to ideate, prototyping and thereafter enrolling stakeholders for commercialisation opportunities.

During the year under review, we developed 48 new products/variants.

AUTOMATION AND DIGITAL INTERVENTIONS

We have continued to leverage digital in the areas related to customer experience, supply chain and all operations. All stakeholders in business namely customers, dealers, contractors, interior designers, décor influencers and contractors, suppliers, vendors and employees were part of the digital drive wherein cutting-edge technologies such as Robotic Process Automation (RPA), Artificial Intelligence/Machine Learning (AI/ML), Advanced Analytics and Internet of Things (IOT) were deployed in some manner.

One key area of focus has been the enablement of the Décor business. An end-to-end platform has been deployed in the form of an Inspiration and commerce-driven website (beautifulhomes.com), an immersive 3D visualiser (for interior designers) for creating beautiful home designs, to a robust execution platform for all stakeholders including customers, to help deliver their dream home. This AI-driven platform would help bring in seamlessness and personalisation between the physical store and digital journeys of the Home Décor customer.

Asian Paints has deployed cutting-edge digital technology on the retailing front to not just providing engaging experiences in selecting the right colours, paint, products, services, contractors, but also in ensuring authentic and genuine products are delivered by the anti-counterfeiting systems and processes.

PLANT AND WAREHOUSE AUTOMATION

We implemented a completely automated warehouse during year integrated with the S/4 HANA Extended Warehouse Management Systems. This will help us serve our customers in more responsive and cost-effective manner.

Under its initiative of 'Nexpedition' our scientists are actively engaged in creating the next pipeline of innovation to create the next level of breakthrough for the business.

Case Study

AAI, process optimisation and remote monitoring

Technology supported us during the COVID-19 induced lockdown of 2020 and thereafter, when we were short of manpower as very few people were entering our premises. This posed a challenge in material storages as time, pressure and temperature play a key role in their proper handling and storage. Using technology, we monitored the systems, raw material and formulations, controlled the plant to ensure safety and avoid any untoward incident.

With the help of sensors such as Load sensors, Pressure sensor and others, we are monitoring the processes and operations. We have advance technology to predict the failure time of equipment which enables us to timely address the situation and avoid any uncertain breakdown.

REFORMULATION AND COST OPTIMISATION

Paint industry is resource intensive in terms of raw materials that go into its formulation. In addition, there is the issue of generation of waste during operations.

We were the first to understand the impact of Volatile Organic Compound (VOC) and in making coatings and our processes safe. We abide by all norms and regulations. We have adopted the global norm of keeping the lead content below 90 ppm in our architectural paints.

We are continuously striving to make efficient use of the raw material utilised in the formulation process to reduce the waste and save the cost of procuring the extra volume of material and managing the paint waste.

INFORMATION TECHNOLOGY AND COVID-19

We are a technology-driven company, which enabled us to accept the new normal and the challenges of the time and space. Our partners, employees, suppliers, dealers, distributors trust our ability to withstand and support them in such tough times. Our outperformance during the pandemic attests our abilities.

Employee experience has always been important to build employee engagement and enhance productivity. A new-age employee portal has been launched which provides a single window experience. We have also launched a digital safety portal to help promote safe working environment across all our locations in India and it be extended to our international operations during the next year.

Case Study

Design Visualization Tool (DVT)

We have engaged with a start-up to create a tool to visualise the design implementation and by incorporating the design visualisation algorithm we have launched the DVT for our customers to plan their home décor architecture and design. It has received a very good response across all our customer segments.

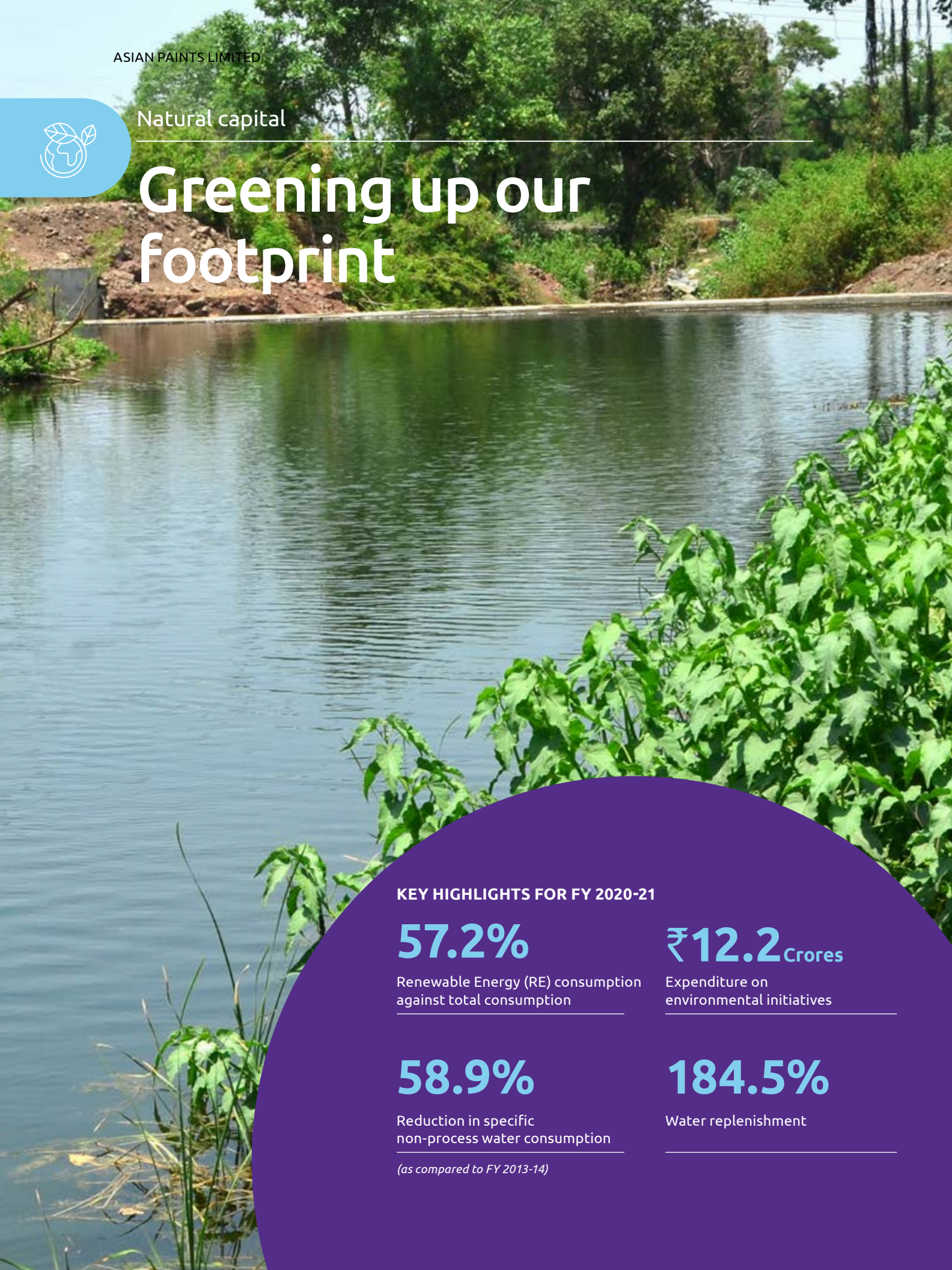
The visualisation tool is highly appreciated by customers as it helps the customer in selecting the best option from multitude of offerings while designing his/her dream home. The flexibility to make modifications and see real-time variations of how it might look has been a key differentiator for them.



Natural capital



Greening up our footprint



KEY HIGHLIGHTS FOR FY 2020-21

<p>57.2%</p> <p>Renewable Energy (RE) consumption against total consumption</p>	<p>₹12.2 Crores</p> <p>Expenditure on environmental initiatives</p>
<p>58.9%</p> <p>Reduction in specific non-process water consumption</p> <p><i>(as compared to FY 2013-14)</i></p>	<p>184.5%</p> <p>Water replenishment</p>

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Water management



Environmental compliance



Social impacts of products

Interlinkages to other capital



Financial capital



Human capital



Manufactured capital



Intellectual Capital



Social and relationship capital

OUR FOCUS AREAS

- **Product stewardship**
- **Natural resource conservation**
- **Energy and emissions**
- **Waste management**
- **People and community**

PROJECT 'NEW'

KEY HIGHLIGHTS FOR FY 2020-21 (CONT.)

34.7%

Reduction in specific electricity consumption

56%

Reduction in specific hazardous waste disposal footprint

75.9%

Reduction in specific effluent generation

65.4%

Reduction in emissions

(as compared to FY 2013-14)

We, at Asian Paints, are driven by the purpose of creating value through our unique, durable and environment-friendly products and solutions. As one of the leading paint companies, we recognise our role as a responsible corporate citizen towards environmental stewardship and constantly strive to manage our resources and minimise our environmental footprint. Natural capital being a relevant part of our value creation model, drives us towards meeting our business needs by creating sustainable products and solutions with minimum impact on the natural ecosystem. We primarily focus on areas of natural resource conservation, energy and emissions, waste management (Project 'NEW'), along with product stewardship and people and community.

In addition to our environment-driven efforts, we also undertake initiatives around product stewardship which help us reduce our environmental footprint at the formulation level whereas through Project NEW we focus on resource efficiency at the manufacturing level.

Going forward, we foresee changes in the regulatory landscape, disruptions in the global supply chain, availability of raw materials as the key risks and have adopted measures to mitigate these through our well-formulated risk management procedures. Our robust management system and well-defined processes help us achieve compliance with all applicable environmental regulatory requirements.

During the reporting period, extending our efforts towards environmental initiatives, we spent ₹12.2 Crores³³.

Trend of some of the parameters highlighted under Natural Capital are strictly not comparable due to commissioning of two mega plants at Mysuru and Visakhapatnam in FY 2018-19. Further, in FY 2020-21, disruptions of plant operations due to COVID-19 have impacted few parameters.

³³ GRI 307-1 Non-compliance with environmental laws and regulations

PRODUCT STEWARDSHIP- PROMOTING RESOURCE EFFICIENCY AND EXTENDING OUR 'GREEN PROMISE'

We constantly set standards to remain a leader in product stewardship arena and invest in unprecedented innovation that offers unique value to consumers while enhancing product safety and sustainability.

The theme of product stewardship has evolved over the years and our continuous efforts have enabled us to make positive environmental impacts through our product innovation techniques. We have undertaken the following efforts:

- **Increase in renewable raw materials (materials sourced from renewable sources):** We have constantly made efforts to increase the renewable content of the products and process innovation. This is exemplified through our renewable content share in three large-volume products viz. Ace Exterior Emulsion, Tractor Emulsion Advanced, and Apcolite Enamel. The renewable content in these products has been increased from 20% to 60% from the earlier levels in FY 2019-20
- **Eliminating harmful ingredients:** We produce architectural paints which are lead and heavy metal free since the year 2008, and subsequently free from added Respirable Crystalline Silica (RCS) since 2013

- **Process innovations for energy and raw material efficiency:** A new way of dispersion technology enabled us to reduce rutile content which is a key contributor to Greenhouse Gas (GHG) emissions
- **Formulating products that are durable or have better wall coverage:** In the space of exterior paints, sustainability through durability has been the focus. This can be witnessed through the example of Ultima Protek Lamino, which has a longer service life and added features like graffiti removal. Another product called Apcolite Rust Shield addresses the challenge of corrosion in household metallic structures
- **Green assurance declaration:** For our business, customer health and care for environment are of great importance. Continuing our commitment to being truly 'green', we are assuring our customers of eco-friendly paints through our 'Green Assure'³⁴ declaration

The above steps are aided by Life Cycle Assessment (LCA) studies of products that enable us to identify hotspots and thus opportunities for improvement.

NATURAL RESOURCE CONSERVATION AND RESOURCE EFFICIENCY

Material management³⁵

Resource efficiency forms an integral part of our environmental strategy. Through our continuous efforts, we strive to meet the needs of our customers. In doing so, we optimise our resource management approach to efficiently utilise the raw materials and minimise material waste. To ensure the availability of raw materials required for our business operations, we make optimum use of our resources and adopt ways to reuse and reintroduce excess material in our production process without compromising on the quality of our products and solutions.

To make our products more sustainable, we have minimised the use of toxic and hazardous chemicals as raw materials in our processes.



Water management^{36,37}

Globally, water scarcity is perceived as a major climate related risk. It becomes important to source and utilise this scarce resource in a responsible manner. We understand that the intensity of water usage in our operations is limited however, the overall consumption is still significant in the local context. Appreciating that water is a shared resource with the community, we have been focused on water management in the following three categories.

- Our efforts of reducing the overall specific water consumption for non-process water has resulted in reduction by 58.9% since FY 2013-14
- We reuse or recycle wastewater back within the factories such that all our decorative manufacturing sites are zero liquid discharge facilities
- We implement watershed management and community outreach programmes thus recharging more water back into the earth than what we consume every year. In FY 2020-21, we recharged 184.5% of the total water that we use in our manufacturing sites

Over the years water management processes have evolved across all factories, and it reflects in the kind of improvements made in key metrics of specific non-process water consumption and water neutrality.

Water consumption³⁸

To meet our water needs, we rely significantly on government supplied water sources for the purpose of our business operations.

We also collect water through rainwater harvesting for consumption within the factories.

Water consumption details

Particulars ³⁹	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Rainwater collected and consumed within factory (megalitres)	52	65	148	154
Specific water consumption (KL/KL)	0.79	0.68	0.82	0.80

Water conservation

During FY 2020-21, we undertook many initiatives towards water conservation and replenishment. A brief of these initiatives is provided as follows:

1. Integrated watershed development (offsite projects)
2. Water harvesting (on site projects)

Off-site projects

With the help of our off-site projects, we enhance rainwater harvesting capacities at various locations, thereby ensuring water security for our communities.

We implement integrated watershed development in villages nearby to our factories. We undertake initiatives like pond cleaning, desilting, irrigation channel lining, train farmers on micro irrigation systems, integrated pest and soil health management. Our projects begin with need assessment to form a baseline and end with impact analysis to measure the outcome.

- As part of our CSR initiative at Kasna, Uttar Pradesh, we created rainwater recharge potential by constructing ponds of 7,360 KL and 2,559 KL capacity at Mehpa Jagir, Uttar Pradesh and Pachayatana Uttar Pradesh, respectively. With this initiative, the current capacity of rainwater harvesting supports together more than 30 families living around the village
- At our Mysuru factory, we rejuvenated ponds at Sindhuvelli, Nerale village and Bilikerekatte-Basavatige both in Karnataka to increase the rainwater recharge potential in these villages. This has led us to harvest more than 85,000 KL of rainwater in FY 2020-21
- At Visakhapatnam, we undertook initiatives to enhance the surface water and groundwater resources of Panchadarla village, Andhra Pradesh through the local pond renovation and check dam construction. As a result, we created a rainwater recharge potential of 46,800 KL out of which more than 29,000 KL rainwater has been harvested during FY 2020-21

³⁴ 'Green Assure' - Framework established in 2012 for waterborne architectural paints. These products not only conform to international VOC specifications, but they also do not contain any hazardous raw materials like lead, heavy metals, APEO (Alkylphenol Ethoxylates) and toxic materials. An example is Royale Aspira-Interior paint with five years performance warranty and Green Assure compliance.

³⁵ GRI 301-1: Materials used by weight or volume

³⁶ GRI 303-1 Interactions with water as a shared resource

³⁷ GRI 303-2 Management of water discharge-related impacts

³⁸ GRI 303-5 Water consumption

³⁹ GRI 303-3 Water withdrawal

On-site projects

Our on-site projects are focused on reducing freshwater consumption and increasing the share of recycled water in our processes. Our efforts have led us to undertake initiatives at various factories. In Mysuru factory, storm and roof water reservoirs collectively contribute to a sump of capacity over 54,700 KL. Similarly, at our Visakhapatnam factory, we have storm and roof water reservoirs that collectively contributes over 52,000 KL. The collected rainwater in our factories are treated in the plant itself and used for various process (related to paint production) and non-process activities. Owing to our initiatives, during FY 2020-21, we have been successful in consuming ~17,972 KL of total roof and storm water at factory located in Mysuru. Similarly, at our Visakhapatnam factory, more than 66% (or 74,166 KL) of the total water consumption consists of rainwater during the reporting period.

Biodiversity management^{40,41}

Although we operate from sites which are located in industrial areas, we are well aware of the various impacts our operations have on the local biodiversity, even though limited in nature. In order to address this concern, we link our sustainability management strategy with key aspects of biodiversity that would help us mitigate the risks related to the ecosystem and also reduce our dependencies. We, as a first step, meet all our regulatory requirement of green belt development and maintain 33% of greenbelt in our plants and facilities. Further to promote local biodiversity, we undertake plantation of local species of plants within our factories, avoid deforestation of existing land, and preserve wildlife. We have a robust biodiversity management plan in place to streamline our efforts. Our operational facilities are not located in any of the identified biodiversity protected areas.

Aligning ourselves with the UN Sustainable Development Goals (SDGs) of promoting, preserving, and protecting our biological ecosystems, we have undertaken several biodiversity initiatives at some of our facilities. Recently our initiatives at our Visakhapatnam and Mysuru facilities and a similar initiative at Sriperumbudur factory resulted in a positive biodiversity impact at these locations. Similar initiatives are being undertaken in industrial paint unit located at Taloja in the last few years.

We, as a first step, meet all our regulatory requirement of green belt development and maintain 33% of greenbelt in our plants and facilities.

⁴⁰ GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

⁴¹ GRI 304-2: Significant impacts of activities, products, and services on biodiversity

Case Study

Initiative at Sriperumbudur factory

Working towards our commitment of nurturing local biodiversity, our Sriperumbudur factory undertook several initiatives as a part of a project for preserving and enhancing natural ecosystem.



Some key highlights of this project are:

- An assessment of existing biodiversity at the factory has been conducted by Confederation of Indian Industry – India Business Biodiversity Initiative (CII-IBBI)
- Taxonomic enumeration of biodiversity was carried out
- A Natural Capital Action Plan (NACP) has been prepared by the facility to improve biodiversity in the subsequent years
- It incorporated ecosystem service matrix and biodiversity baseline
- Owing to its biodiversity efforts, the factory has 171 species of flora and fauna, 45 native trees and shrubs species, 30 native herb species, 22 species of butterflies, 26 species of birds
- The factory undertook tree plantation using the 'Miyawaki' technique
- 33% of the area is made available as open area for groundwater water recharge
- The plant won the CII-ITC Sustainability Award for 'Conservation and Sustainable Management of Biodiversity and Ecosystem'

⁴² GRI 302-1: Energy consumption within the organisation

⁴³ GRI 302-3 Energy intensity

Energy management

We are committed to energy conservation and ensure efficient energy usage at all our operational facilities. Energy management forms a vital part of our approach towards sustainable operations. Our primary focus is on two aspects of energy management: - energy efficiency and RE usage. Our facilities operate with an aim to reduce our energy consumption in the processes which has a direct impact on carbon emissions. In addition to this, we are proud to have an installed capacity of 19.51 MW of rooftop solar.

We continue to make efforts to reduce our specific and total energy consumption by regularly tracking our performance at the individual factory as well as consolidated manufacturing level. We also conduct energy audits at all our manufacturing units at regular intervals and ensure implementation of the audit findings for further improvement.

Energy consumption⁴²

Specific electricity consumption for the last four years has been presented in the following table

Indicator	KWh/KL			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Specific electricity consumption	79.77	71.94	76.52	75.70

We aim to achieve reduction in overall energy intensity⁴³ through our continuous efforts of energy conservation, and we channelise our efforts in every possible way to accomplish it.



Energy conservation⁴⁴

Our resource conservation efforts encompass energy efficiency and use of renewable energy. With an aim to produce sustainable and eco-friendly products for our customers, we take care of making the entire production process sustainable right from the initial stage of sourcing of the resources which majorly includes energy. We have deployed dedicated energy cells at our factories to channelise our energy saving initiatives that are undertaken during the year.

Case Study

Energy conservation through process optimisation

In order to optimize our energy consumption in our production processes and utilities, we take consistent efforts through various measures. We optimised our paint manufacturing process leading to reduction in power consumption.

Case Study

Energy saving through use of alternate technology

Continuing with our efforts towards energy saving we took some of the initiatives as part of our energy conservation plan. Highlights of some of our initiatives have been listed here:

- The air compressor in the utility accounts for substantial utility power consumption. In order to prevent any wastage of energy and save power, we replaced inefficient compressors with better technology compressors
- Our pumping systems were used without the calculation of the actual demand and this resulted in large amount of power. To resolve this issue, we applied a simple principle of 'pumping what is required' and collaborated with few vendors to identify our actual pumping system requirements. Subsequently, we were successful in replacing the conventional system with advanced pressure-based systems. This installation of the new pumping system helped us to save more than 26,500 units of power every month.

Renewable Energy (RE)

Among our many commitments towards environmental sustainability, the use of renewable sources of energy forms an important part. Our total renewable energy installed capacity stands at 39.46 MW. Our substantially augmented investments in renewable energy projects have resulted in RE share of 57.2% compared to 0.1% in FY 2013-14 (against total electricity consumed).

Increasing share of renewable energy in total electricity consumed

Indicator	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Renewable energy consumption	35.3	35.3	57.4	57.2

⁴⁵ GRI 302-4: Reduction of energy consumption

Emissions⁴⁵

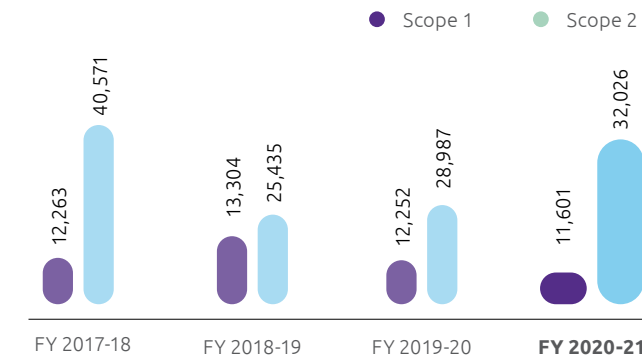
Aligning our emissions management strategy with the global goals of minimising carbon footprint and mitigating climate change risks, we have streamlined our processes to move closer to this common goal. Reducing GHG emissions is not only a business imperative for us at Asian Paints, but also forms a vital part of our environmental strategy going forward. With the use of RE sources, alternate fuel, and energy efficiency efforts, we have been able to reduce our emissions.

GHG emissions

Our absolute Scope 1 emissions have been reduced by 54% whereas our Scope 2 emissions have witnessed a reduction of 39% as compared to FY 2013-14.

GHG Emissions (tCO₂e)

Graphical representation below gives an overview of our Scope 1 and Scope 2 emissions generation since FY 2017-18.^{46,47}



Reducing GHG emissions is not only a business imperative for us at Asian Paints, but also forms a vital part of our environmental strategy going forward.

⁴⁶ GRI 305-1 Direct (Scope 1) GHG emissions

⁴⁷ GRI 305-2 Energy indirect (Scope 2) GHG emissions

⁴⁸ GRI 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions

NOx, SOx and other significant air emissions⁴⁹

Apart from reducing emissions at the source, we also have adequate control equipment in place to reduce the impact of the residual emissions. We also comply with all the applicable regulatory requirements to ensure our air emissions are within permissible limits as prescribed in the standards.

Other emissions

Parameter	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Particulate Matter (PM)	6.97	4.26	5.05	3.26
Oxides of Nitrogen (NOx)	10.72	12.04	11.79	12.34
Oxides of Sulphur (SOx)	2.78	2.56	2.90	2.64

Waste management^{50,51}

We ensure value creation for our customers at every stage of our operations. Waste generation being an inevitable part of our manufacturing process, we take efforts to create value from our waste. With an aim to divert a significant quantum of waste from going to the landfills, we have adopted systems and procedures that help us repurpose used material and reintroduce excess material into our production process. We follow the '3R' strategy of Reduce, Reuse and Recycle for our waste management. Our 3R approach is explained through an illustration.

⁵⁰ GRI 306-1 Waste generation and significant waste-related impacts

⁵¹ GRI 306-2 Management of significant waste-related impacts



3R STRATEGY



We follow legally prescribed procedures and apply environmentally sound disposal techniques for disposing hazardous waste whereas the non-hazardous waste is sold to authorised recyclers.

Hazardous waste

Safe handling and storage of waste is a critical part when it comes to hazardous waste generation. As a responsible corporate citizen, we take utmost care while handling, storing, and disposing our hazardous waste. Our manufacturing units are equipped with waste storage facilities that ensure waste is stored in a proper manner, thereby avoiding any threats posed to the health and well-being of our employees and to our surrounding environment. We ensure full compliance to all applicable regulatory requirements pertaining to hazardous waste management.

Moreover, all our hazardous waste generated is disposed as per the defined methodology. Our methods of disposal include co-processing or pre-processing for usage in cement kilns, incineration, and a very small quantity goes to the landfills. Our hazardous waste footprint has gone down by ~55% since FY 2013-14.

Waste diverted from disposal⁵³

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Waste (MT)	1318	1060	824	929

Waste directed to disposal sites

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Specific hazardous waste disposal (Kg/KL)	1.68	1.44	1.35	1.19

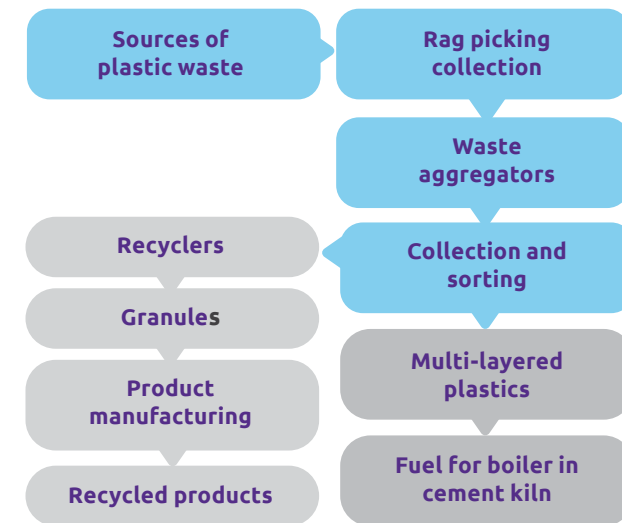
⁵³ GRI 306-4: Waste diverted from disposal

Non-hazardous waste

Reduction of waste is central to our environment management strategy. With effective waste management plans in place, we aim to move towards circular economy replacing the linear economy of 'take, make, and dispose'. Across our value chain, we are in the process of achieving circularity through our efforts right from the initial stage of procuring raw materials and reducing the use of virgin resources. Recycling and reusing our non-hazardous waste such as discarded wooden pallets, plastic waste, and packaging material have enabled us to minimise the quantity of waste that gets diverted to landfills. We have sold total non-hazardous waste amounting to 8,437 MT generated during FY 2020-21 to authorised recyclers as per applicable regulations⁵⁴.

As a leading manufacturer of paints industry, it is a business imperative for us at Asian Paints to ensure safe disposal of our post-consumer products. Ensuring compliance with the Plastic Waste Management (PWM) rules, we follow the Extended Producer Responsibility (EPR) approach to manage our plastic packaging waste generated as a result of our downstream operations. With this, we were able to collect and recycle over 2,798 tonnes of post-consumer flexible plastic waste across 15 states representing 100% of our flexible plastic packaging quantity for the previous year. We have utilised the network of waste pickers, recyclers, and co-processors to further optimise our efforts in this direction.

Our EPR waste management system



⁵⁴ GRI 306-5 Waste diverted to disposal

⁵⁵ GRI 303-2 Management of water discharge-related impacts

⁵⁶ GRI 303-3 Water recycled and reused



Wastewater management⁵⁵

Industrial effluent is generated during paint processing and afterwards during equipment and pipeline cleaning. Source reduction is our major area of focus followed by reuse⁵⁶ of wash water back in our process. Whatever effluent cannot be reused is recycled in our ETP and advanced treatment systems. This recycled water is then utilised to fulfil both process and non-process requirements. All our decorative manufacturing sites are zero liquid discharge facilities.

During FY 2020-21, we faced the challenge of increased generation of wastewater due to shut down and start-up of operation in our factories due to COVID-19. However, with increased focus on wastewater management initiative, we were able to limit the overall increase. Our specific industrial effluent has reduced by 75.9% since FY 2013-14 owing to our continued efforts in this direction.

Specific industrial effluent (trend Lt/KL)

Effluent water	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Specific industrial effluent (Lt/KL)	22.62	18.51	19.17	19.9

Specific industrial effluent(Lt/KL)- industrial effluent per unit of production

Social and relationship capital



Fortifying our bonds



KEY HIGHLIGHTS FOR FY 2020-21

₹63 Crores
Amount spent on CSR

1.3 Lakhs +
Business influencers,
contractors, painters

15,000+
Supplier base

70,000+
No. of dealers

INTERLINKAGE WITH MATERIAL TOPICS AND OTHER CAPITALS

Material topics



Customer satisfaction



Supply chain management



Social impacts of products

Interlinkages to other capital



Financial capital



Human capital



Manufactured capital



Intellectual capital



Natural capital



IMPACT OF COMMUNITY DEVELOPMENT PROJECTS

178,000+ 83,337

Man-days of training and 199,000+ beneficiaries through Colour Academy

Beneficiaries of multi-specialist healthcare services for the community via MMUs

OUR FOCUS AREAS

- Community Well-being
- Supply chain management
- Customer relationship
- Collaboration with stakeholders

23,421

Healthcare beneficiaries through static clinics for community

21,453

Beneficiaries through quality healthcare and road safety initiatives for truckers

43,985

Unique beneficiaries registered in healthcare

1,148,212_{KL}

Water recharged and harvested through water initiatives

Colours bring joy of change and are a symbol of happiness and cheer in people's lives. We, at Asian Paints, are proud to play a larger role towards making tangible difference in the lives of our stakeholders not only by our products but also by the outcomes, we create through our business model. These stakeholders include our customers, influencers, investors, employees, community, and vendors.

We strive to connect, influence, and empower the individuals and firms which have significant impression in the design and décor world and are transforming the dreams around living spaces into reality. We are collaborating with architects and interior designers at every step of their projects. This includes providing product solutions to meet their expectations and supporting them through visualisation and sampling tools with execution.

We are committed to ensuring safe painting for our customers by supporting them in site evaluation and product consultation. The procedure also involves adherence to safety protocols, complete masking and covering of furniture and valuables, dust-free mechanised painting, and free home sanitization post project completion.

In continuation to our commitment towards COVID-19 pandemic related relief activities, we contributed nearly ₹10 Crores during FY 2020-21 to various State Disaster Management authorities and Non-Governmental Organisations (NGOs) for helping the community with healthcare facilities and various other essentials.

We are privileged to have a great value chain partners network with more than 70,000 dealers, and over 15,000 suppliers which acts as a catalyst to our product and service excellence.

Irrespective of the circumstances, we are committed to covering the journey of delivering joy and bringing smile in people's lives. Even the global crisis of the COVID-19 pandemic that triggered a nation-wide lockdown has not deterred us from forging ahead. We have emerged stronger and have accepted the challenge posed by the new normal.

We are implementing our community initiatives to achieve quantum leap in our key thrust areas, particularly in health and hygiene, water and skilling.

COMMUNITY INITIATIVES⁵⁷

We believe that society is an important pillar which supports business activities and creates the canvas of opportunities. As part of our CSR initiatives, we endeavour to contribute to uplifting and upgrading the social infrastructure. We are committed to playing a larger role towards making a tangible difference in the lives of people we work with. The CSR initiatives of Asian Paints aim towards inclusive development of the communities largely around the vicinity of our plants and registered office and at the same time on ensuring environmental protection through a range of structured interventions in the areas of (i) Promoting education, including special education and livelihood projects (ii) Creating employability and enhance dignity of the painter community (iii) Enabling access to quality, primary healthcare services (iv) Focus on water conservation, replenishment and recharge and (v) Disaster relief measures.

In view of the ongoing pandemic during the year, virtual interventions were introduced, especially in case of employee volunteering programmes and skill development initiatives.

Our employee volunteering approach is to promote ownership among the employees rather than their mere participation. Employee volunteering teams are made keeping in mind parameters of empathy, expertise, time, effort and impact. Additionally, activities are also mapped out in terms of the intensity of engagement. For instance, one-time contributions are required for programmes, such as Card and Kit, donation drives, free rice quiz, among others.

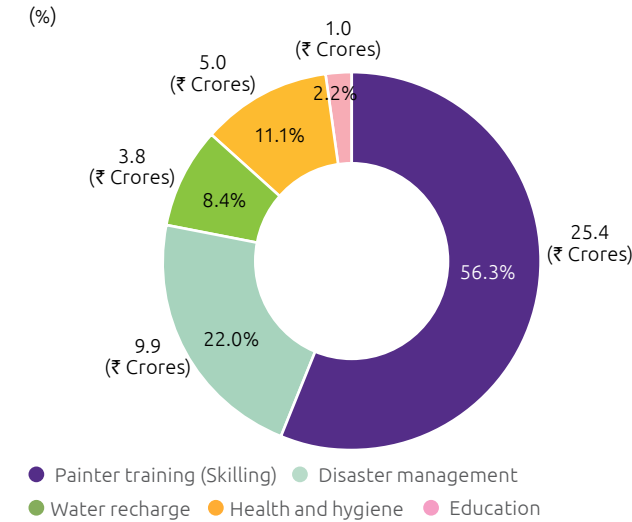
Some of the programmes where employees volunteered are as follows:

- Distribution of ration kits and masks during lockdown
- Gift-A-Card - Spread Happiness: A virtual volunteering initiatives intended to benefit sex traffic survivors. Our employees across locations volunteered to prepare handmade greeting card
- Audiobook recording for visually impaired children
- Participating in a free, online quiz game with multiple choice questions where the more one plays, the more quantities of free rice is donated to families in need

Every year our CSR committee presents the detailed plan to the Board for its inputs, and additionally quarterly progress report is presented to evaluate and monitor the CSR projects. Of our total CSR spend, we allocate 50% to the initiatives under skill development, Colour Academy being a major one, and the rest primarily towards healthcare and hygiene, education and water conservation projects.

Community initiatives – net expenditure excluding allocations for ongoing projects

CSR expenditure



COMMUNITY DEVELOPMENT FRAMEWORK



We have a well-structured approach for our community development projects which are carried out in accordance with our CSR policy approved by our Board of Directors. We conduct need assessment in consultation with the community members and local bodies and map the districts for implementation. This helps us to identify the areas of intervention, which subsequently helps us in designing the projects to address the challenges faced by the people of our communities. Based on this assessment, a detailed plan is formulated for the identified projects, which is presented to the Board members. This further helps us to develop a strategy for project implementation and resource allocation. During the implementation phase, we ensure the participation of our local communities which also helps in creating a plethora of livelihood and skill development opportunities for them. We utilise various avenues of establishing a network of continuous communication with the local community members, which helps our team to ensure proper implementation of the projects and monitor its progress regularly. This is followed by an impact assessment through which we identify areas of improvements going forward.

We have mapped critical districts for the implementation of our projects and undertake projects on the key project areas.

OUR FOCUS AREAS FOR COMMUNITY DEVELOPMENT PROJECTS:

- Health and hygiene
- Water conservation
- Skill development

⁵⁷ GRI 413-1 Operations with local community engagement, impact assessments, and development programs



Health and hygiene⁵⁸

Providing healthcare support to our communities, spreading awareness about health-related risks, and improving accessibility to healthcare facilities are central to the idea of our CSR support at Asian Paints. In alignment to the national development agenda of making primary healthcare accessible and affordable for the people, we have undertaken several programmes to promote health and hygiene among our communities. Our health and hygiene programme aims at addressing the primary healthcare segment of the healthcare continuum wherein we focus on senior citizens, women and children. It starts with need assessment for elderly community members near the plant locations followed by the implementation of the programme of providing door-to-door healthcare service for them. In addition, mobile health care unit for quick response to any health-related emergency.

Along with our partner organisations, we work with local onground health workers in analyzing the available healthcare data, which facilitates gap identification and planning for community reach. This is to ensure that we enable primary healthcare facilities to reach maximum and relevant set of beneficiaries in an effective manner. Besides, we also focus on raising awareness on government schemes and referrals for advance treatment to aid the uninitiated. We launched women's health sensitization initiatives across locations. Additionally, we are working to elevate living conditions among communities.

Under the health and hygiene programmes, we are, inter alia, running the following projects:

Static clinic

We have established five static clinics near our manufacturing locations (Mysuru, Karnataka, Patancheru, Telangana Kasna, Uttar Pradesh Khandala, Maharashtra and Visakhapatnam, Andhra Pradesh), and one clinic at Cuddalore, Tamil Nadu. The static clinics provide diagnosis and treatment for various non-communicable diseases (majorly hypertension and diabetics), Reproductive, maternal, neo-natal, child health and adolescence (RMNCH+A), eye care and general OPD ailments.

Mobile Medical Units (MMUs)

We have been running eight MMUs across 124 villages spread across eight states. Our MMUs provide consultations, free medicines, basic diagnostics, and referral to government hospitals, among other healthcare services. These units also conduct awareness and quiz sessions on health in the community.

Safar

Safar, one of our healthcare initiatives, is directed towards improving health awareness and correcting lifestyle habits of the truckers.



Water conservation

Water is a shared resource and we acknowledge the significance of water as a critical and precious resource. Judicious and efficient utilisation of water is imbibed in our values. Water is one of our key trust elements in our CSR initiatives. We have identified water stressed regions around our plant locations and we are working consistently towards ensuring water security by investing in infrastructure to collect and conserve monsoon water for a year at our critical plants.

Case Study

Project Tarang – Integrated Watershed Project Patancheru

During the year, through our water shed development and management initiatives at Patancheru, Telangana, we created awareness through various programmes, imparted trainings on building capacity on fish rearing and farm pond rejuvenation. Subsequently through training initiatives, we have been able to revive eleven acres of land and ten farm ponds. This led to increase in yield by 30-35%. We have also renovated and rejuvenated the water storage tank to support irrigation on 53 acres of land, which has led to a 30% increase in yield. In addition, we have supported 35-40 farmers in the revival of their 80 acres of cultivated land.

With the help of three check dams, groundwater levels increased by 25% to support 25-30 farmers for the cultivation of their farmland. With the revival of waterbodies and storage capacity farmers have started the pisciculture through their capacity building experience in fish rearing. They have introduced 100,000 fingerlings in the water bodies.

Indirect impact of our initiative has created employment opportunities for the labourers and small-scale farmers. Through our efforts towards financial inclusion, we have enabled ~102 farmers to access community banking services for savings, credit, and insurance.

We have drafted a water vision for ourselves with the intention of making all our manufacturing locations water secure. We are engaged in helping communities around our manufacturing locations to conserve water by developing integrated watershed management systems, installing water ATMs and harvesting rainwater in schools. Some of the interventions undertaken are as follows:

- Identifying water bodies near our locations where we undertake rejuvenation, including desilting to catch monsoon run-off
- Installing rooftop rainwater harvesting units and recharge systems in villages and schools
- Influencing irrigation practices and awareness on conservation of water in the farmer community
- Recycling and reusing wastewater
- Construction activities to increase capacity for surface water storage

Case Study

Integrated Watershed Project, Khandala

Dhandawadi is a village in Maharashtra near our Khandala plant. There is a water canal that passes through the village. However, there was lack of water storage infrastructure. We have identified the need and engaged with a supporting NGO to develop the storage infrastructure with the help of check dam. We have executed the construction work and completed the check dam. Now there is sufficient volume of water which is stored and available for the farming needs.



⁵⁸ GRI 203-1 Infrastructure investments and services supported

Skill development

Skill building is a powerful tool to empower individuals and drive financial growth and community development of the nation. Our aim with this endeavour is to invest in the inclusive growth and believe that everyone should be given a fair chance for a dignified life. We are committed to enhancing technical knowledge of individuals with the inherent predilection for the work, so that it increases their productivity and livelihood which in turn would result in them garnering recognition and respect for themselves in the community. Our Colour Academy works towards this direction of imparting skill education and enhancing productivity of the people in paint application trade. We have tied up with National Skill Development Corporation (NSDC) for supporting this skill development programme. Through this academy, we are providing a platform to painters, contractors and dealers for upskilling with our training programmes that cover various subjects such as designer finishes, emulsions, metal care, mechanisation, water proofing, wood finishes and wallpaper installation. This helps painters connect with lucrative professional opportunities in the industry. These academies are equipped with modern facilities to upgrade the skills of existing painters, thus helping them become specialists in their respective fields. Currently, we have more than 50 Colour Academies where we have provided training to more than 199,000 participants across India. Our total spend for this initiative for FY 2020-21 is ₹25.4 Crores.

Case Study

Digital training – video conferencing mode

During the year, we initiated digital training through video conferencing mode, in order to ensure that there is no risk through travel and contact with people. Also, a module of financial literacy has been introduced for the painters to help them understand the art of budgeting, managing contingencies, applicable insurance schemes and government schemes etc.

In the current situation of COVID-19, there is an immediate and recurring need for sanitization to maintain hygiene for both residential and business setups. Accordingly, during the year, the course covering aspects on benefits of sanitization and how to take up sanitization at the sites had been introduced.

Case Study

Digital on Demand trainings

We have launched 'On-Demand portal' in October 2020 at apcolouracademy.in, which equips the painter to get trained anytime anywhere. All the major courses in major regional languages were rolled out through the Digital on Demand training. More than 70,000 painters have benefited through these trainings till date.



Grievance Redressal Mechanism (GRM)⁵⁹

GRM is an important aspect of assuring our strong relation with the community as it provides us social licence to operate and execute the community initiative projects. As part of our grievance redressal mechanism, we have deployed our local employees who regularly visit the community and interact with people to gauge and address community concerns. Based on these interactions, we have not encountered any specific grievances from the community at present.

Currently, we have more than 50 Colour Academies where we have provided training to more than 199,000 participants across India. Our total spend for this initiative for FY 2020-21 is ₹25.4 Crores.

STAKEHOLDERS MANAGEMENT

We value our supply chain partners, and their support is crucial in achieving our objective of delivering joy to consumers. We have a rich network of dealers, and their contribution is invaluable, as they are the face of our product in the market and continuously service the demand from our customers.

We have developed standard practices for ensuring sustainable development and have included them as one of the selection criteria for our vendors and suppliers. Our initiatives focus on improving awareness about legal compliances, enhancing eco-friendly efficiencies, packaging and logistics improvements at the supplier's end. We engage with suppliers and transporters on a periodical basis during which we encourage them to undertake sustainable practices across the supply chain.

We have strategically designed our distribution network to serve our dealers in the shortest time possible and at minimal transportation cost. This has resulted in better warehouse management and tighter inventory management, better route planning, optimising truck sizes and placements while servicing customer orders. We leverage technology as a critical element in the entire supply chain.

Our priority is to offer tailor-made solutions for what our consumer is looking for as a reliable product and solution. We are offering our products which cater to the geography-specific needs. We provide solutions which suit the needs of customers across all segments.

Our product development initiatives not only cater to the needs of the end consumers, but also painters and contractors. Products have been developed which reduces the overall time required for painting, are safe while handling, reduces the overall effort in painting and so on. This is a win-win for the consumer as well as the painter contractors. All our initiatives in the product segment, reinforce our relationship with our dealers and distributors in catering to the market. We have zero incidents registered with respect to the non-compliance concerning the health and safety impacts of our products resulting in any fine, penalty or warning.⁶⁰

With AP Beautiful Homes, we have 18 multi-category décor stores in India. All stores are using digital technology to provide consultation to consumers and have rapidly enhanced their fulfilment capability through the paint total service and the décor execution service offered at these stores. In addition, we have expanded the Beautiful Homes Service proposition to eight cities in India. We are offering complete delivery of home décor to consumers, right through consultation, design to execution, in a completely professional and seamless manner.

We conduct annual customer experience surveys for all our products and services and measure the percentage of customers who would promote our products and services to other customers through the Net Promoter Score (NPS) method. The NPS method of customer feedback now covers most of our customer interaction points, including retail experiences, direct to home painting and colour consultancy services⁶¹.

We are a part of some of the reputed industrial and trade bodies such as Federation of Indian Chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), Indian Paints Association (IPA), Chemical Council of India (CCI). We play an active role in these associations towards building consensus around ease of doing business and other challenges and work towards their addressal. The organisation represents various national and sectoral committees in these bodies and associations.

We work in collaboration and partnership with the various government bodies wherein we try and align our initiatives with the international and national priorities to the extent possible, for the larger good in line with our vision.

OUR RESPONSE TO COVID-19

Our strong network of supply chain partners has rendered us tireless support during the challenging times of COVID-19 pandemic. Our partners, suppliers, dealers, and distributors have trust in our ability to support them during these challenging times. We supported each other during the peak of pandemic COVID-19.

Global supply chains were disrupted during the first fortnight of the lockdown, and many citizens faced challenges to travel to their native places. We supported our logistic partners and truck drivers in accommodating their safe journey to their homes during this time. We also provided them with essentials such as face masks, sanitizers, and medical aid to ensure their safety during these critical times.

We facilitated payment to our vendors through digital mode. Also, supplies to our dealer network and distributors were facilitated through online order booking and timely dispatch.

We contributed ₹10 Crores towards COVID-19 Relief Fund over and above ₹25 Crores contributed in last year. The contribution was made to the central as well as other emergency relief state funds to combat COVID-19 pandemic.

⁵⁹ GRI 413-1 Operations with local community engagement, impact assessments, and development programs
GRI 413-2 Operations with significant actual and potential negative impacts on local communities

⁶⁰ GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

⁶¹ GRI 416-1 Assessment of the health and safety impacts of product and service categories

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Management discussion and analysis

The economic upheaval could have been much more severe had it not been for the quick and synchronised response from central banks and governments globally, although this too varied across countries.

MACRO-ECONOMIC SCENARIO

Global economy

FY 2020-21 has been an unprecedented year in modern times, with the COVID-19 pandemic impacting human life extensively across the globe. Its impact on the economic front, too, has been significant. The slowdown across economies witnessed in 2019 exacerbated further in 2020 by the shock delivered by the pandemic. As a result, the global GDP is believed to have contracted by ~3.3% in 2020, with all major economies moving into negative territory. China was the only exception amongst the major economies to have posted a positive growth in 2020, albeit at a much lower rate of 2.3%. The economic upheaval could have been much more severe had it not been for the quick and synchronised response from central banks and governments globally, although this too varied across countries. The increase in balance sheet sizes of almost all central banks and the supportive measures undertaken by governments globally ensured easy availability of funding and support for both private and public consumption. This support has been instrumental in the progressive recovery seen in the last two quarters of the calendar year as compared to the significant contractions observed in the first two quarters. The sequential recovery in global trade coupled with the easy liquidity conditions have also led to a sharp rise in commodity prices, especially in the last quarter of FY 2019-20. This has been further aggravated by large-scale disruptions in the global supply chain, with shipping line capacities and container availability posing a major challenge.

Indian economy

The Indian economy too witnessed similar stress, with the nationwide lockdown from end March 2020 bringing business activities to a standstill for the major part of April and May 2020. An accommodative monetary policy from the Reserve Bank of India (RBI) and fiscal policy interventions by the central government, coupled with the gradual reopening of the economic activities from June 2020, have led to a sequential recovery in economic output. India's real GDP clocked a 0.4% growth in the October-December 2020 quarter on a year-on-year basis after a sharp fall in the first two quarters of FY 2020-21. However, the recovery is largely centered around the formal part of the economy. The informal players, especially the Micro, Small and

Medium-sized Enterprises (MSMEs) in many industries have taken a disproportionately large hit.

Inflation picked up over the year, despite the pandemic, primarily led by food inflation and higher fuel taxes. On the exchange rate front, post the initial bout of depreciation in the Indian currency in the beginning of the financial year, the currency has been relatively well supported on account of robust portfolio inflows in the economy as well as a better current account position.

Outlook

The rollout of the vaccination drive across the major economies, including India, in the last quarter of FY 2020-21 has accorded a much-needed boost to sentiments around a sustained recovery of economic activity across the globe. Almost all major central banks have pledged to continue an accommodative monetary stance to reinforce the economic green shoots. Coupled with the base-effect, economic growth is expected to bounce back strongly in FY 2021-22 on the global as well as the domestic front. However, a lot would hinge on how the pandemic plays out, given the resurgence of the virus and the spread of infections. There has been a re-imposition of restrictions on business activity in many states and this has again disrupted operations of our vast supply chain network. This is expected to lead to uncertainty in demand in the larger home improvement categories, including paints. Again, inflation in commodity prices and, more specifically, in input materials in our product segments across geographies, has risen significantly since the last quarter of FY 2020-21, and continues to be on the uptrend. The challenges to business posed by this inflationary pressure and the uncertain market conditions, would place strong emphasis on managing the business in a dynamic manner and altering operational priorities to suit the changing market conditions.

Management discussion and analysis (continued)

BUSINESS SEGMENT REVIEW

DECORATIVE BUSINESS IN INDIA

With the COVID-19 pandemic wreaking havoc across the country, the first quarter saw limited sales given the lockdowns. April was a complete washout, however May and June saw a pick-up in volumes following the gradual unlocking. The economy range continued to do well, aided by a strong performance from the rural/semi-urban markets. The premium and luxury category also picked up well during the latter part of the year. Categories such as Waterproofing, Adhesives, Tools and Wood Finishes did extremely well, contributing to the overall growth.

Product segments and network engagement

Our network expansion drive continued, leading to one of the highest colourworld machine installations. A vast majority of these openings were in rural/semi-urban areas. This aided the strong growth in business, with Tier 2, 3 and 4 towns witnessing much higher paint sale than urban markets.

The Company continued to engage strongly with all stakeholders – dealers, contractors and consumers. We supported our business partners (dealers and contractors) by ensuring that all schemes and promotions from our end were settled within the first 10 days of April, thereby providing significant support to them during the complete lockdown. This was well appreciated by all stakeholders. We also reached out to our consumers to spread the message that staying home meant staying safe. This was done through an innovative campaign extending the 'Har Ghar Kuch Kehta Hai' concept. The film was shot in real homes with actual consumers. This enabled us to keep our customer engagement going even during a tough time.

In order to help government agencies fight the pandemic, we also ventured into the health and hygiene space with the launch of our range of sanitizers. This was done in record time to ensure that we are able to contribute towards the overall attempts of the government to control the pandemic.

The Company continued to engage strongly with all stakeholders – dealers, contractors and consumers.

We leapfrogged to the digital route with the building of touchpoints to be in constant touch with our stakeholders. For our dealers we ensured that all areas—products, applications and colour consultancy—could be accessed through a simplified digital mode. This allowed dealers to access all areas necessary to execute business in a smooth manner. For painters and contractors, we devised an innovative digital campaign called 'Chai Pe Charcha', which focused on safety with our detailed guidelines on how to carry out painting in a safe manner. We could connect with a large number of painters through this campaign across the country. This exercise enabled painters to warm up to the safe painting concept. To enable our partners to safely initiate the reopening of business after the unlocking guidelines were announced, we sanitized the shops and warehouses of our dealers free of cost. For consumers, we ensured that expert consultancy was available through the digital mode that they could access from the comfort of the home.



We also launched a novel safe painting service for our retail and project consumers. This instilled confidence amongst all stakeholders while enabling our painters and contractors to carry out the painting work in a safe manner.

Despite the tough scenario, we saw 13% volume growth and strong value growth. Substantial growth across the product categories made Asian Paints the fastest growing company in the industry. We continue to build on our efforts to enable our stakeholders to tide over the crisis.

Consumer services

Asian Paints remained strongly invested in its vision of becoming the most inspirational home décor brand by revolutionising consumer experience and empowering the consumer to dream. Strong omnichannel models developed by us help the consumer to complete this experiential journey and translate their dream homes into reality.

'Beautiful Homes with Asian Paints' is a unique platform on which visitors have the opportunity to access everything they need to create a perfect home. This online magazine is now India's largest digital design content platform with almost a Million-strong community of followers and subscribers.



With visits to real homes around the country, interviews with the country's best design talent, videos of DIY projects and plenty of advice on various issues faced by the Indian homemaker, the magazine is a veritable library of information and inspiration for readers. However, the most difficult part of creating a home is still the making of it. And that's where Beautiful Homes Service (BHS) comes in. BHS offers consumers the opportunity to have homes that are custom-designed by experienced interior designers and professionally executed by dedicated project managers. BHS is a destination for Indian homemakers who are looking for great quality and design at a sensible price. The service is now available in eight cities across India, offering complete homemaking journey – right from consultation, personalised designs to professional execution. With this spectrum of offerings, beautifulhomes.com continues engagement with a burgeoning community of consumers where they have the opportunity to do both – dream about, and actualise ideas.

On the retailing front, AP Beautiful Homes stores offer one-of-its-kind consultative consumer experience and have received an excellent response. The footprint of this multi-category décor stores has now expanded to 18 stores and quite a few more are in the pipeline. At the core of the stores is a strong Phygital (physical + digital) model, with cutting-edge technology and physical experience interwoven to provide a unique consumer experience. All the stores use advanced digital technology to provide expert guidance and world-class visualisation to consumers. They have rapidly enhanced their fulfilment capability through the décor execution service offered at these stores. In addition to paints, these stores offer Asian Paints' range of décor products—furniture, furnishing, decorative lighting, customised tiles, kitchens, wardrobes, bath and sanitaryware—which help consumers to create their dream home.

On the Project/Institutional business front, the initial period saw significant slowdown because of the pandemic. However, the continued focus on building the funnel ensured a strong pick-up once the lockdown pressure eased in the second half of the financial year, leading to robust business growth.

Waterproofing and construction chemicals expanded significantly, driven by breakthroughs into new accounts and a robust product portfolio. Government sectors such as infrastructure and factory saw good response and we were able to leverage our strengths and establish the Company as a prominent player. Working closely with key influencers such as structural consultants, we bagged landmark infrastructure projects.

Supply chain

Given the restrictions imposed by the national lockdown, paint plants had to be shutdown with due precautions. This ensured safety in all our plants and avoidance of infection and fatalities. Operations began as soon as the permission to open up was released by the authorities. Throughout this period, utmost care was taken to ensure safety of the teams working in our entire supply chain, and we rapidly embraced a hybrid work approach in our operations. Robust on-site hygiene practices, which equipped our on-site personnel with critical personal protective equipment, daily health screenings and enhanced sanitation practices, were rolled out at our sites.

This year will be remembered as one when supply chain faced maximum disruption across the globe. Our teams worked tirelessly, despite the fast-changing situation, to meet emerging customer demands. Through the use of innovative technology in various areas of operations, we were able to make rapid what-if analysis and serve the marketplace in a timely manner. The team was able to scale up the utilisation of our manufacturing capacities to service the large demand recovery witnessed in the second half of the year. The Company is looking at capacity expansion in certain product categories to support the expected growth in these categories as we move forward. This year, our Company has further invested in advanced Machine Learning algorithms for demand forecasting. In a world of flux, having an agile and responsive supply chain will be key to determining which companies will be able to serve ever-changing customer needs. To fulfil this objective, our Company has embarked on the deployment of the latest solutions in areas of advanced supply chain visibility and execution by partnering with leading software vendors in this space.

This year will be remembered as one when supply chains faced maximum disruption across the globe.

Management discussion and analysis (continued)

INTERNATIONAL OPERATIONS

Outside India, Asian Paints has operations in 13 countries across four regions of the world – South Asia and Indonesia, the Middle East, South Pacific and Africa. Our products and services are sold under seven corporate brands, namely Asian Paints, SCIB Paints, Apco Coatings, Asian Paints Berger, Taubmans, Asian Paints Causeway and Kadisco Asian Paints. The Group continues to focus on increasing its presence in high-growth emerging markets, especially in Asia and Africa.

Operating environment

FY 2020-21 was an exceptionally challenging year for both the businesses and the people that make up our international operations. With COVID-19 spreading like wild-fire across the world, we were faced with lockdowns, slowdowns and health-related challenges across the entire spectrum of our operations. In this environment, the health of employees and other stakeholders was our first priority. This involved strict adherence to the rules imposed by various governments as well as ensuring that our own work-spaces and work practices conformed to the safety and hygiene standards necessitated by the pandemic.

From a business viewpoint, we were most affected during the period starting from the last fortnight of March 2020 till the end of the first quarter. During this period, many markets were shut for extended periods, as were many of our factories, offices and warehouses. This was also a time for agility and quick responses. We focused on several cost optimisation and working capital management measures during this period, thus ensuring cash conservation that helped us tide over the immediate crisis. We also put this period of disruption to good use – getting the entire international team together over digital meeting platforms to chart out the future of our global operations. We focused on a seamless flow of experiences and learnings across geographies to benefit the operations across different markets. As conditions improved post June 2020, the international business rebounded strongly with renewed vigour and focus, with the three subsequent quarters recording a good recovery even in a difficult environment.

Business performance

As with last year, we focused on our core strengths of product propositions and market activations. The focus remains on moving away from the herd to being a clear leader in innovation across markets, with emphasis on 'USP-centric' product development. With this in mind, we had about 60 new product launches and product revamps across our geographies, mainly focusing on the premium/luxury category and the waterproofing segment in order to provide both superior quality and a comprehensive offering to the global consumer. Innovative and unique products were launched such as 'Royale Health Shield', 'Royale Smart Clean' and 'Royale Bling', all of which are relevant at times of increasing health consciousness.

We focused on a seamless flow of experiences and learnings across geographies to benefit the operations across different markets.

All our units have focused on Waterproofing as a category, and there have been several new products launches. We believe that we can build on the considerable technological and marketing strengths of these products already available with us in order to quickly ramp up our presence in this category across our international markets.

Product launches were backed up by on-ground demand generation activities including proof of concept tools and demo kits. We have connected with 80,000+ painters and contractors with programmes for sustained engagement and benefits. This year, we also rolled out Safe Painting Services in most of our geographies. These services offered by our dealers provide consumers end-to-end solutions for their painting and waterproofing needs, these services are executed through well-trained contractors under our supervision.

Africa: In Egypt, after the launch of the 'Hero' value-for-money range of products in the latter half of FY 2019-20, we continued the revamp and launch of new products in the current year as well, focusing on premium emulsions and enamels. We also launched the 'Royale' brand of luxury emulsions this year for the first time in this market. Ethiopia's economy continues to be hindered by a combination of several factors including the lack of US dollars, high inflation and civil war in the province of Tigray, apart from the COVID-19 pandemic. While we have marginally grown sales, profits have fallen due to the high inflationary cost scenario. Overall, our unit continues to have a healthy profit margin even in these troubled times. Hence we believe that a policy to consolidate our market position, coupled with a patient wait for the overall recovery and stabilisation of the economy, will bear us well in the years ahead.



Middle East: Especially the Middle East has been badly affected by the pandemic. Projects have slowed down, and many migrant workers have been displaced. While our retail business did relatively well, projects and industrial paint sales were affected. Profits for the region as a whole were better than last year, due to stringent cost control and a low raw material price scenario for the first nine months of the financial year.

Asia (South Asia and Indonesia): Nepal was the worst hit among our South Asian operations, due to prolonged lockdowns in the first quarter. Although our unit made a valiant recovery thereafter, the first quarter loss of business meant that we ended the year at a lower than last year base. Nevertheless, the unit has gained market share, and continues to be one of the stellar performers amongst our larger international units. In Sri Lanka, we completed the merger of our two units as on April 1, 2021, and have now started selling under the brand 'Asian Paints Causeway'. Both the unit teams aligned operations and worked closely together during FY 2020-21, and both have done well, backed by several product launches and upgrades. In Bangladesh, while the economy continued to grow, despite the pandemic, the decorative paint market is estimated to have de-grown. We have done well relative to the overall paint market, gaining market share. The unit continues to focus on innovative product and service launches to assist in scaling up its presence in the local market. The new factory project in Bangladesh has also continued on schedule, and should be operational towards the middle of FY 2021-22, with an initial capacity of 25,000 KL/ annum.

The Indonesia paint market has been badly affected by the pandemic, and is estimated to have shrunk by ~ 15% this year. Our own unit has also faced several challenges in its attempt to ramp up, and has seen a sales degrowth in the year. In some regions, we had to shut under-performing distributors and have strategically shifted to a mix of distributors and direct-to-dealer model. Nevertheless, we remain optimistic of the long-term potential of this huge, though fragmented market and are ramping up our

Nevertheless, the Nepal unit has gained market share, and continues to be one of the stellar performers amongst our larger international units.

marketing spends and capacities in anticipation of a good turnaround in FY 2021-22.

We have also released a new TV commercial for the first time in March 2021 and intend to strategically build on the foundations we have laid so far in the country in order to shift the trajectory to a new level.

This year, we also launched the 'Bath' business (under the Asian Paints BathSense brand) in Nepal and Bangladesh, with a range of elegant sanitaryware and bath fittings, in our quest to provide a range of home solutions to the customer. While these businesses are likely to remain relatively small compared to our paint sales in these markets for the coming few years, they have the potential to further strengthen our brand in the mind of the consumer in the areas of colour, décor, design and protection.

South Pacific: Economic conditions in Fiji and other South Pacific islands were poor, with tourism and the hotel industry being the worst affected by the pandemic. Despite this, we had only a marginal decline in sales and a significant increase in profits on the back of cost control measures and benign material prices for the first nine months of the year. In one of the islands, Tonga, we closed our operations during the year and shifted to an export model (served from Fiji).



Management discussion and analysis (continued)

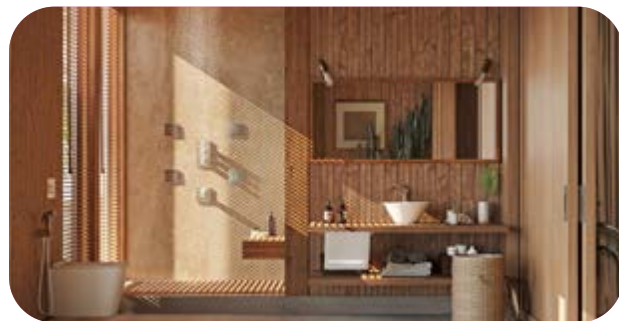
HOME IMPROVEMENT BUSINESS IN INDIA

We operate in the Kitchen and the Bath business through the Home Improvement division and help our customers create kitchen and bathroom spaces of their choice for their dream homes. Our Home Improvement division complements our vision of being a complete décor solutions provider.

Kitchen business

We forayed into the Kitchen business by acquiring 51% stake in Sleek International Pvt. Ltd. (Sleek) in FY 2013-14 and further increased our stake to 100% in FY 2017-18.

'Sleek by Asian Paints' is present in both the 'Kitchen Components' as well as the 'Full Modular Solutions' segments with a pan-India presence. Under the Kitchen Components business, we sell our own range of kitchen hardware, kitchen accessories and kitchen appliances through the B2B channel. Under the Full Modular Solutions segment, we undertake design-to-execution of full kitchens through a strong network of franchisee-owned showrooms across the country. We also have a dedicated 'projects channel' to provide Full Modular Solutions for new constructions, especially residential housing.



Business performance

There was disruption during the spread of the COVID-19 pandemic in the first half of the year. We focused on enhancing our operational capabilities during this period. We stepped up our online customer reach efforts through our in-house designers, taking up conversations for kitchen designs even during the early lockdown period. This helped us generate a healthy order book through the year, building a pipeline for future business value. The business turned around in the second half, with strong growth across both the Kitchen Components as well as the Full Modular Solutions segments. We continued the expansion of our showroom network and have now 200+ showrooms across the country offering modular kitchen design and

installation services. The network that we have in this business line is unparalleled in the country today. The luxury collection of Kitchens with Premium Finishes, launched last year, saw high demand during the year and has grown well. This is one of the most comprehensive collections of premium kitchens by any company in India.

Sleek, a subsidiary of the Company, also operates in the Full Modular Solutions business through a dedicated project vertical. Sleek has a strong presence in Mumbai, Pune and Delhi and has also expanded its presence in this channel to cities in southern India in the previous year. During FY 2020-21, expansion to other major cities has helped the channel to register strong business, winning several major projects in spite of the slowdown in new constructions during the year.

The Kitchen Components segment saw strong growth in the second half of the year after a dull first half. In the first half, there were also supply issues with imports from China, which stabilised towards the end of the second quarter. While the supply situation has improved, there has been a steady rise in commodity prices as well as import charges during the second half of the year. The inflationary pressures are expected to continue in the near future. We have expanding our dealer network in this segment strongly across all major states and is a formidable player in a market that has been largely dominated by German/European players.

The organised sector in the kitchen industry continues to contribute a small part of the total kitchen demand. Only a handful of players have meaningful presence in the Full Modular Solutions segment. Currently, online players are also catering to the larger cities. This leaves space for an industry player like Sleek to establish a brand at the national level with differentiated offerings and superior service over a longer period with consistent focus. To support this long-term growth focus, we would be making investments for setting up an additional manufacturing capacity for the Kitchen business in FY 2021-22.

We continued the expansion of our showroom network and have now 200+ showrooms across the country offering modular kitchen design and installation services.



Bath Fittings and Sanitaryware business

Asian Paints forayed into the Bath business by acquiring the front-end business of Ess Ess in FY 2014-15. Over the years, we have expanded our network as well as product range. We have expanded its sanitaryware range over the last two years to leverage our network and presence in the Chrome-plated (CP) fittings market. We are focusing on creating a new world of bath products and solutions, where the consumer can actively look at solutions and customised offerings.

Business performance

The business grew well inspite of the lockdown in the first quarter of the year across the country. Strong growth was registered in the second half as we leveraged our network and product portfolio. As the lockdown started, a range of new products in the touch-free category – including sensor and hands-free faucets, touchless flushing systems and Water Closet (WCs) were introduced in the early part of first quarter and these products saw strong demand from the commercial and office sector. We made a strong impact in the Projects and Builder segment during the year, utilising the strengths of the Projects team of the Decorative business. This has helped in making stronger inroads in this category across prominent builders and construction companies. The products are now approved for use in government projects and works across several states.

The network expansion drive also continued through the year, with representation in large cities as well as Tier 2, 3 towns increasing significantly. The 'service excellence' theme continued this year as well, with the technicians ensuring prompt and reliable post-sales support. We attached significant importance to operational performance. In line with this, we carried out productivity improvement at the manufacturing facility in Baddi, Himachal Pradesh. This has helped the business reduce costs significantly and improve overall profitability. With an eye on the high utilisation levels at the existing facility and the future growth plans, we will be making investments to set up a second manufacturing facility for the Bath business in FY 2021-22.

INDUSTRIAL BUSINESS IN INDIA

Asian Paints operates in the industrial coatings segment through two 50:50 JVs with PPG Industries Inc. USA – PPG Asian Paints Pvt. Ltd. (PPG-AP) and Asian Paints PPG Pvt. Ltd. (AP-PPG). Of the total industrial paint demand, about two-thirds come from the automotive sector.

Automotive, industrial, refinish, packaging and marine coatings

PPG-AP is the first 50:50 JV of the Company with PPG Industries Inc., USA. PPG-AP manufactures and trades in paints and coatings for automotive Original Equipment Manufacturers (OEMs), certain industrial segments, automotive refinish segment, packaging and marine segments, and is one of the largest industrial coatings suppliers in India.

Operating environment

Slowdown in the economy due to COVID-19 has impacted OEMs. Business degrowth in the financial year is primarily because of the auto and two-wheeler markets, which degrew by ~ 11% and ~ 13% respectively. The subdued demand in the entire automotive industry for more than a year has increased pressure on most of the companies in the automotive coatings segment. The automotive industry has also been facing supply challenges with steel and availability of semi-conductors.

Business performance



PPG-AP has registered degrowth in sales given the degrowth in the automotive sector. However, with the uptick in the automotive industry in the third and fourth quarter, the company was able to register topline growth in these two quarters but due to the significant drop in volumes, profitability declined.

Management discussion and analysis (continued)

The company is witnessing inflationary trends, along with shortages in containers causing supply constraints. The company witnessed growth in the Packaging business although its Automotive and Industrial businesses degrew as they were impacted by lower demand.

During the financial year, the company acquired the business of Whitford India Limited from a PPG Group company. This enables PPG-AP to provide coatings for automotive rubber, certain industrial segments, cookware and small appliance segments.

The company's Dahej Resin facility is fully operational and most of the resins are now localised. PPG-AP continues to focus on its R&D facilities to innovate, leverage technological support from both its parents, PPG Industries Inc., USA and Asian Paints, and provide value proposition to its customers. The company also remains focused on its core values, which includes focus on customer connect, people development and Environment, Health and Safety (EHS).

Non-auto industrial coatings



Road markings by AP-PPG

AP-PPG serves the non-auto industrial coatings market of India and is our second 50:50 JV with PPG Industries Inc., USA. The JV operates in protective coatings, floor coatings, road markings and powder coatings segments, servicing customers in infrastructure, oil and gas, power plants and white goods sectors, among others.

Operating environment

The industrial coatings market was affected by disruptions caused by lockdowns during the year. Delays in maintenance schedule, slowdown in manufacturing and exports coupled with the lack of private capital expenditure resulted in an overall decline in demand for industrial coatings. Supply side constraints, specially in feedstock raw material, resulted in the steep inflation witnessed during the fourth quarter of the year, affecting margins.

Business performance

Despite decline in industrial coatings demand, we did well and registered growth in sales. AP-PPG's continuous focus on geographical expansion, enhancement of product portfolio and customer acquisitions resulted in growth in a declining market. Introduction of innovative products and services targeted to grow share of business in the Infrastructure and Maintenance & Repair segment helped the company register good growth. Collaboration with Asian Paints Project sales to maximise reach of floor coatings products and robust growth in road marking segments owing to government investments, helped significantly improve its position in these segments.



ONGC 98/2 sub-sea project coated with AP-PPG products (EPC - L&T Hydrocarbon)

Steep inflation in raw material prices was seen in the fourth quarter and quick action taken in the area of price increase and cost savings measures helped the company to protect margins. Overall, AP-PPG registered good growth in terms of revenue and posted profits in a challenging year.

HUMAN RESOURCES

Internal policies

The year presented unique challenges and tested our outlook towards employees and stakeholders. Care and empathy towards employees were at the forefront of all our policies, initiatives and agendas. The year also tested our leadership's ability to carry the team along towards individual and organisational success.

We acknowledge the need for employees to stay physically and mentally healthy, and stays committed to creating fulfilling lives for them. Through various remotely-conducted employee wellness programmes targeted at ensuring the physical, mental and financial wellness as well as controlling the spread of disease and ailments, Asian Paints has strived to keep up the morale of its workforce during these difficult times. Health challenges, financial awareness sessions and safety campaigns were taken up. To support employees and their families, we strengthened the helpline, offering counselling services throughout the pandemic to help them cope with mental stress. A medical teleconsultation helpline was also launched to help employees with medical issues that may have otherwise required them to go to hospitals. We have taken a special insurance cover for our employees for COVID-19 related expenses incurred by them.

Asian Paints is committed to align its people processes and frameworks with the Company's Charter. To ensure that the values embedded in the Charter are seamlessly driven through our actions and behaviours, and is also cascaded to all levels of employees in the right spirit, the Leadership Competency Framework was redefined to create the Values-based Behaviours Framework (VBF). This framework has been fully integrated with various HR processes such as recruitment, onboarding, people review process and 360-degree feedbacks. Learning journeys have also been designed and integrated with the VBF for all grades and functions.

The performance management system has also been revamped to incorporate all the key elements of the Charter. The Variable Pay Policy of the Company has also undergone change to reflect the significance of the Charter and promote collaboration as one of the building blocks of the organisation.

During the year, we continued our its endeavour to attract best-in-class talent through multiple talent engagement initiatives targeting the campus as well as the lateral talent pool. A structured interview process has been integrated with the VBF to help build a talent pipeline aligned to the values.

Programmes and conversations around safety, health, wellness and so on were conducted for Swara, the internal women's network. A detailed study on the challenges faced by women in the Sales function was taken up, which is now being worked on to create a more inclusive workplace. An organisation-wide employee engagement survey was also conducted in FY 2020-21, anchored around several drivers such as leadership, enabling infrastructure, diversity and inclusion, collaboration, rewards and recognition, and others. To enhance and sustain the spirit of collaboration, sessions were designed to enable conversations and a Collaboration Index was designed and launched in June 2020.

External initiatives

Our campus branding was further scaled up with the purpose of deepening our engagement with the brightest minds through multiple initiatives. Given the current context, all the engagements were done virtually with the aid of innovative technology tools and platforms. Our flagship engagement, CANVAS, which is among the most prestigious and sought-after case competitions in premier B-Schools, saw its largest participation yet. Apart from the competitions, to further our continuous efforts at giving students exposure to best industry practices and cutting-edge work, our 'AP Paathshaala' series was taken to a number of partner institutes. Several campaigns were also run on our career pages on social media platforms to engage and communicate with the relevant talent pool with a focus on the emerging areas of design and décor.

Leadership blueprint

Our talent management philosophy is 'To develop leaders for life'. We facilitate holistic development by providing employees with tools, platforms and resources to exercise their knowledge and skills and enhance them. During this year of the pandemic, we continued to invest in our people by leveraging the virtual platforms and enabling meaningful conversations through various media.

Our employee's learning needs have been addressed through various organisation development programmes aligned to the Company's values and focusing on collaboration, innovation, strategy, workplace partnerships, leadership development, agility etc. Several learning journeys were conducted and innovative formats created in partnership with educational institutes and external agencies. Internal learning formats such as e-modules, stories and coaching supported employees while enhancing their business acumen, perspective and leadership capabilities. This year, we also focused on skilling our managers to conduct developmental conversations more effectively. The Connect Programme focused on building people management capability among managers in manufacturing plants.

PPG-AP continues to focus on its R&D facilities to innovate, leverage technological support from both its parents, PPG Industries Inc., USA and Asian Paints, and provide value proposition to its customers.

Management discussion and analysis (continued)

The employee relationship health of every plant is being measured through a scorecard that was designed and deployed this year.

One Link philosophy of team management

'One Link', a team comprising of the General Managers, Associate Vice Presidents and Vice Presidents of the Company and led by the MD & CEO, was created as a forum for developing the next leadership line. There were active engagements across the teams over 18-20 days during which ways were considered to give greater exposure to the high performers and grow their potential. The forum engages the top management teams to work on futuristic but relevant projects in order to involve, galvanise and develop leadership abilities. Four transformation projects related to unexplored areas were chosen. The programme has garnered much appreciation from employees.

Technological innovations

Keeping in mind changing learner preferences and the intense need of virtual learning, the learning platforms across the organisation were strengthened and new platforms introduced, such as EBSCO, new e-learning modules and so on.

Leveraging the virtual learning environment, 280+ learning pathways were launched across functions on 3i socials. Most of our learning content is designed to facilitate the personalised, blended, bite sized and peer learning format. We have expanded the reach of our learning content by making them accessible through the mobile phone.

This year, we looked at enhancing the candidate experience, optimising recruitment processes and digitising HR processes by adding features and upgrading the Applicant Tracking System and the launch of the prejoining-onboarding-induction application. These platforms are designed to deliver signature experience to candidates and new employees, and thus looks at all critical aspects of a candidate's journey, starting from the application stage to the induction stage. The platforms have been seamlessly integrated with the HR Management System (HRMS).

Leveraging the virtual learning environment, 280+ learning pathways were launched across functions on 3i socials.

RESEARCH AND TECHNOLOGY

In an unprecedented year, routine work at the Asian Paints Research and Technology function was carried out with due permits from the local authorities concerned and judicious shuffling of manpower. The function thus continued to support the business goals of Asian Paints by creating intellectual property that helped our foray in new markets and introduction of several new products. In their new avatar as 'AP Creators', the talent pool of the Research and Technology function truly empowered us through the power of science.

A total of 20 patents were filed in the current year, including three for industrial paints and two for global operations, taking the cumulative filing count to 76 for Asian Paints, with a commercialisation percentage of 26%. Our scientists continue to represent work carried out in Research and Technology through publications in reputed national and international journals; they have six publications to their credit this year. Working under a challenging macro environment, the team supported our initiative in strengthening the health and hygiene portfolio and developed formulations with several new raw materials that led to the launch of a new product range, including hand sanitizer, handwash, floor cleaner, space sanitizer, surface sanitizer, toilet cleaner and vegetable cleaner. All these products have been well received by the market and are generating additional revenue for the business. One patent has also been filed for hand sanitizer.



Under the 'Nexpedition' initiative, our scientists are actively engaged in creating a pipeline of innovations. They are currently working on several different projects in emulsions, resins, waterproofing, exterior and interior paints, enamels, and industrial paints that will cause the next level of breakthrough products.

The entire process is built on a collective participative process of ideation and prototyping, and then enrolling stakeholders for their commercialisation.

As before, a few members of the Research and Technology team participated in the 6th Breakthrough Innovation programme. This resulted in the launch of three unique and pioneering products. These include:

- **TrueGrip Dynamo**, an innovative water-based synthetic resin adhesive that is used for bonding a wide variety of wood-based substrates used in furniture and the wood-working industry
- **Apolite All Protek**, a revolutionary indoor water-based paint that provides all-round protection to the home. Its innovative hybrid technology enhances safety by providing excellent flame-spread resistance. Its advanced stain guard prolongs paint life by making it easy to clean stains
- **Marvelloplast Ezy MS**, a unique gypsum plaster that can be applied by spray to create a smooth finish besides significantly reducing application time

Some other new products include:

- **ACE Sparc Advanced**, a unique emulsion for exterior based on a sustainable raw material that helps reduce TiO₂ and yet delivers exceptional whiteness when applied
- **Asian Paints ezyCR8 Health Shield Single Coat Emulsion**, a water-based single coat emulsion. Its silver ion technology provides excellent anti-bacterial and air purifying performance. Combined with unique application tool, it provides One Coat Hide, superior flow levelling and a luxurious sheen finish
- **Apcothane 150 2K**, a high build, high solid DTM (Direct to Metal) Polyurethane coating, specifically designed for the Pre-Engineered Building (PEB) segment. It offers faster handling of painted components due to its quick drying properties. The product offers excellent corrosion protection as well as durability of polyurethane
- **Apcoflor PU Crete 4K**, a self-levelling polyurethane screed that offers seamless matt finish for concrete floorings. The product has exceptional physio-mechanical properties such as compressive, tensile and flexural strength. It also offers excellent steam clean ability, high slip resistance in wet areas, excellent adhesion, durability, and temperature resistance ranging from -20°C to 90°C. Typical use

areas includes food, pharmaceuticals, warehouse, and cold storage units.

In its quest for excellence through RFT (Right First Time) to market and zero product complaints in new and existing products, the AP Creators team constituted a new initiative, Quality at Source, wherein a thorough review of new product launches is held regularly by the leadership team to validate approach, lab, and field-testing protocols to provide timely inputs before designs are standardised.

We continued in our commitment to developing human capital by building technical competency through Sikshalaya – the in-house training academy. Out of the nine workshops conducted this year, two were conducted by external faculty members affiliated to premier educational and research institutions from India and abroad. Some of the key technical areas covered were colour science, binder chemistries for industrial and decorative paints, polymer characterisation and sustainability. We have invested in techniques that can predict the long-term stability of products and intermediates and characterisation of polymers. Emphasis on automation ensured that productivity was maintained despite physical absence from laboratories.



Management discussion and analysis (continued)



ENVIRONMENT, HEALTH AND SAFETY

Environment

This year has been characterised by the achievement of significant milestones in the area of environmental sustainability despite the challenges created by restrictions induced by COVID-19. Our continued commitment to sustainability has helped us shape our efforts and deliver effectively towards the goals we have set for ourselves.

All our eight decorative paint factories have continued to focus their efforts in the following areas of environmental sustainability:

- Undertaking water replenishment projects in the communities surrounding our factories
- Reducing non-process water consumption by focusing on reduction in freshwater usage as well as the collection of rainwater for use in the manufacturing process after purification
- Reducing energy consumption in operations, while improving efficiency and quality in production
- Increasing the contribution of electricity from renewable sources, thus demonstrating the commitment towards sourcing clean energy
- Minimising solid and liquid waste in our processes

Even in the challenging conditions of FY 2020-21, our factories were able to work safely, and at the same time deliver on most of the targets we set for the year.

Some of the key initiatives undertaken during the year:

Integrated watershed development: As part of this continuing focus area, integrated watershed development was undertaken in villages surrounding our eight decorative paint factories. Due to our interventions over the years, 11 Lakh+ KL of rainwater was replenished in FY 2020-21, which will eventually fulfil the water requirement of the community throughout the year.

Reduction in electricity consumption: FY 2020-21 was characterised by significant shut down and re-start related events. This naturally put a pressure on specific electricity consumption metrics. Our initiatives at more efficient throughput management delivered a lower specific power consumption than that of the previous year.

Renewable energy: Renewable energy generation is one of the identified focus areas and several investments have been made in this space over the years. While we face many policy related uncertainties in this area, renewable energy now accounts for 57.2% of the total energy consumption. Our Mysuru plant achieved 98% of its energy from renewable sources in FY 2020-21. We are proud to share that our Visakhapatnam factory is now Platinum rated under the Indian Green Building Council (IGBC) Green Factory Buildings Rating System, which is recognised as a global standard in the green building parlance.

98% of Mysuru plant's energy needs met from renewable sources in FY 2020-21

Hazardous waste management: When our factories became operational post-lockdown, there was need to make the whole setup ready to resume production. This meant cleaning and flushing of machinery and pipelines which generated additional waste. This was much more than what had been set in our annual targets. But we accepted the challenge and were able to achieve specific hazardous waste of 1.19 as compared to 1.35 in the previous year.

Biodiversity: Although our manufacturing sites are located in notified industrial areas, our operations have various impacts and dependencies on local biodiversity. Hence, sustainable management of these linkages with biodiversity is important to mitigate the negative impacts and reduce dependencies. We meet the regulatory requirement for green belt development. To promote and enhance regional biodiversity, we nurture a wide variety of local species of plants within our factories and also undertake a plethora of projects to replenish the water bodies in the region. Our Sriperumbudur factory is home to 171 floral and faunal species that are thriving due to our dedicated initiatives.

Plastic waste management: Our initiatives towards fulfilling our Extended Producer's Responsibility (EPR) has resulted in the collection and recycling of 2,700+ tonnes of post-consumer flexible plastic, representing 100% of flexible plastic footprint in packaging in the year 2020-21.

Health and safety

We are committed to the safety of our people and assets and towards the protection of the environment through a variety of initiatives. Asian Paints follows industry-accredited best practices in health, safety, and environment related aspects to constantly set higher benchmarks and strives to exceed the same. During the year, our newest plants at Mysuru and Visakhapatnam were certified for an Integrated Management System consisting of ISO 9001, ISO 14001, and ISO 45001 standards. Our plant at Taloja, which produces industrial coatings, was certified with ISO 45001 standard. The plant is already certified with ISO 9001 and ISO 14001 standards.

Our decorative manufacturing plants in India follow the Asian Paints Safety System, which is based on British Safety Council specifications. During FY 2020-21, our Sriperumbudur plant was awarded the 'Sword of Honour' by the British Safety Council. The plant was also declared winner of the Golden Peacock Occupational Health and Safety Award for the year 2020. Our plant at Ankleshwar

successfully completed British Safety Council's safety audit and achieved highest five star rating.

During the year, we benchmarked our safety measures with that of global coating industries and finalised targets for the next five years in the areas of occupational safety, process safety and safety culture across the organisation (Decorative manufacturing, sales, office units, International Business units, JVs), thereby aligning to the global approach towards all aspects of safety.

While we have been working on occupational safety and on building a proactive safety culture with our teams, the scale and complexity of our operations now requires us to dwell in depth in the areas of process safety. Process safety focuses on identifying risks associated with storage and handling of hazardous material and address them proactively. It also focuses on eliminating catastrophic incidences by strengthening process-related aspects over and above the inherent safety risks associated with infrastructure. Drawing from learnings from various catastrophic incidents that happened in the recent past in other organisations in the country and determining to take up this matter with agility, we decided to seek support from experts in this field and have tied up with the British Safety Council for implementing the process safety standard over the next four years.

While work on process safety was initiated this year, we are continuing our commitment towards occupational safety. We have undertaken to achieve 'Generative' stage (5th stage – the highest in behaviour-based safety that starts with Chaos as Stage 1 and then moves to Reactive, Calculative, Proactive stages before reaching the Generative stage) in our safety culture assessment by 2025. Our first assessment happened in FY 2020-21 and three out of eight plants are in the Proactive stage while the others are in Calculative stage.

With the targets set, it is important to have a system that will capture data across the organisation, will help knowledge management and ensure horizontal deployment of actions across units. To accomplish this, the Company has launched an IT platform for safety, aptly branded as 'i-safe', thereby digitising key safety processes like the Incident Management System, inspections and audits, risk assessments and Permit to Work System. This platform has been implemented in all eight decorative manufacturing plants and will be extended to the rest of the organisation in the next two years.



Management discussion and analysis (continued)

INFORMATION TECHNOLOGY (IT)

Asian Paints has always been forward looking in terms of adopting digital for leveraging business benefits. The investments in digital helped us to be better prepared for times like the pandemic. The same enabled the transition to remote working for employees and partners in a secure manner. The IT systems were scaled up in quick time to allow businesses to digitally collaborate and run operations.

Highlights of FY 2020-21

We continued to leverage digital in the areas related to customer experience, supply chain management and all operations. All stakeholders in the business were part of the digital drive wherein cutting-edge technologies like Robotic Process Automation (RPA), Artificial Intelligence/Machine Learning (AI/ML), Advanced Analytics, Internet of Things (IOT) and others were deployed in some manner.

One key area of focus has been the enablement of the Décor business. An end-to-end platform has been deployed right from an inspiration and commerce-driven website (beautifulhomes.com), an immersive 3D visualiser (for interior designers) for creating beautiful home designs, to a robust execution platform for all stakeholders in the service, including customers, to help deliver the dream home. This AI-driven platform will help bring in seamlessness between the physical store and digital journeys of the home décor customer.

We deployed digital on the retailing front to not just provide engaging experiences in selecting the right colours/paint products/services/contractors, but also to ensure that authentic and genuine products are delivered through the deployment of the anti-counterfeiting systems and processes.

The Core Transaction systems (S/4 HANA) have been scaled along with the business. We have been able to extend the platform to new-age businesses in the space of health and hygiene, home décor, construction chemicals and also modelling additional ERP capabilities for international businesses. New channels of distribution have also been enabled.

We implemented a completely automated warehouse in one location integrated with the S/4 HANA Extended Warehouse Management Systems. This will help it serve its customers in a more responsive and cost-effective manner.

RPA has been extended further to automate existing and new business processes. The opportunities to further drive efficiencies, increase throughput and scale operations have been tapped.

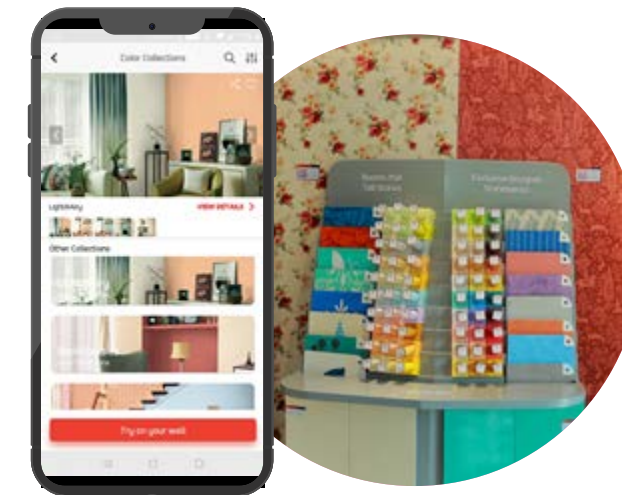
We continue to treat data as a strategic asset and has deployed many projects using the power of AI/ML in analytics. A recommendation engine powered by new-age algorithms has been deployed to help dealers select the right schemes/products while placing the orders on the self-service digital channels. The analytics on the Customer Data Platform (CDP) deployed last year, has helped in precision digital marketing and aided the smooth onboarding of customers. The digital twin initiative at the manufacturing plants have helped in superior decision-making on the shopfloor, thereby impacting plant operational efficiencies and also increasing capacity in some areas.

Another area which continued to be the focus of the Company in FY 2020-21 is IT availability/resiliency/disaster recovery and information security. We have moved to a new-age Disaster Recovery (DR) centre – both Near DR and Far DR. The Far DR is on a hybrid cloud infrastructure and reduces cost for maintaining the same. Information security during the pandemic has become a critical priority. The security from the edge to the data centres has been strengthened through processes and technology. Projects to fortify IT/OT networks at the manufacturing facilities have been undertaken. The Company will continue to make the necessary investments to secure information systems and information assets.

We have a clear strategy of leveraging the cloud for innovation, agility and scalability. Prudent choices have been made in FY 2020-21 in terms of moving workloads to the cloud, especially in the areas of customer experience, supply chain and analytics systems. The journey to modernise the applications to make them cloud-ready has also been initiated.

Employee experience has always been important to build employee engagement and enhance productivity across. A new-age employee portal has been launched that provides a single window experience. We have also launched a digital safety portal to help promote a safe working environment across all our locations in India and this will be extended to our international operations the next year.

We continue to treat data as a strategic asset and has deployed many projects using the power of AI/ML in analytics.



During FY 2020-21, our Sriperumbudur plant was awarded the 'Sword of Honour' by the British Safety Council.

Enterprise risk management

This year has seen uncertainties of a scale and complexity never seen before. Caught between saving lives and keeping much-needed economic activities going, governments across the globe did a very fine balancing act. The phased opening up of the economy and the sudden spikes in infections, added to the anxiety and pressure on the supply chain.

During this critical period, our investments over the years in addressing risks pertaining to handling hazardous materials, safety at the workplace, engagement with customers, information security, business continuity and prudent financial management helped mitigate the uncertainties to a large extent. We focused on the safety of our people and ensured availability of material where it was needed. The employees responded remarkably in adapting to the new norms of safety and managed to keep the operations going.

The Risk Management Committee met specifically to assess the readiness of the organisation to handle hazardous chemicals during the period of the lockdown. The Board was briefed on the risks and steps taken to prevent information security risk arising due to work from home being enabled during the lockdown period.

During this period, we embarked on an exciting journey to create a new future for itself. Through this exercise, we identified the uncertainties that had to be considered while framing the strategy and those that would impact the accomplishment of the strategies. These were done by a mix of bottom-up and top-down identification and

Management discussion and analysis (continued)

assessment. This culminated in finalising a set of risks that were identified, assessed and risk treatment plans put in place under the able guidance of the Board through its Risk Management Committee.

We are committed to continuously monitor the horizon for newer uncertainties and risks and take steps to mitigate them. The significant risks that we continue to work on actively fall in the following categories. The nature of risks in each category along with the action plan is explained. There are no risks that threaten the going concern of the Company.

Customer facing: The customer's need to personalise living spaces brings with it the tremendous opportunity to create a differentiator but also the risk of losing mind share of customers if not continuously acted upon. Given our foray into other categories of furnishing, furniture and lighting and the challenges of understanding these markets, the responsibility of understanding the underlying customer needs and exceeding them each time have added to the risk.

The consumer may interact with the Company through our extended channel partners and off role/contract manpower, thus ensuring that the experience is seamless; creating delight for the consumer is of paramount importance.

The competition intensity has also increased with the emergence of newer players with deep pockets in the Indian market. Consumer delight through innovation and unique experiences are therefore even more critical. We continue to engage and invest with the channel partners and in ensuring supply chain excellence for mutual growth.

Digital as a medium to interact with consumers continues to see a lot of changes and traction with consumers. We have a strong digital presence and are taking steps to be ahead of the curve for the consumer.

Safety: Our manufacturing operations require constant interaction between machines and people. In addition, we handle certain chemicals which are hazardous in nature. We continue to be guided by our EHS policy in our efforts to minimise the risk of injury to human beings. The manufacturing operations follow a stringent safety regime with strict adherence to standards, processes, work practices and periodic internal and external audits. Employees are encouraged to identify any unsafe act and report the same for timely action. Adequate awareness sessions are done throughout the year to ensure the safety of people. Investments are continuously made to reduce the interface of man and machines so as to eliminate the risk of injury to people. We are also working on reducing unsafe acts across all our locations and not just at the manufacturing locations.

Information security: With increasing leverage of Information Technology (IT) solutions in all aspects of the operations, securing confidential information of Asian Paints, protecting devices from external attacks, ensuring uptime of all critical IT assets, including automation systems operating at the plants, are critical for the smooth operation of the plant.

Human Capital: Investment in Human capital is critical for the sustained growth of the Company. For talent, our competition is not necessarily with other organisations in the same industry. Hence it is essential to provide an atmosphere where talent is nurtured with enough opportunities for our employees to grow professionally. Maintaining employee relations, contemporary and employee-friendly practices and policies, meeting aspirational needs of employees continue to be major focus areas for us. Employee engagement and fostering a spirit of competitive collaboration are some of the areas where we undertook steps during the year. A well-knit individual development plan is necessary to ensure that functional and technical competencies are co-created with the individual and acted upon right through the year. The We continue to monitor the developments with respect to the new labour codes.

Compliance: The speed and extent of changes in the regulatory landscape is expected to continue even in the future. Interpretations and clarifications are expected to evolve based on circulars and judicial scrutiny. We are committed to adhering to all laws and regulations in letter and spirit. We migrated to a new portal to monitor compliance on a real time basis. New legislations and amendments to existing laws are regularly studied, people are trained in the Company and changes are made to underlying IT systems to ensure timely compliance.



Employee engagement and fostering a spirit of competitive collaboration are some of the areas where we undertook steps during the year.

With new laws where interpretations are still evolving, differences in interpretation could lead to litigation.

Fraud and ethical behaviour: Risk of fraud is inherent in any organisation. We consider the risk of fraud while designing processes and controls. Steps are taken to leverage automation to reduce the chances of frauds. We have a robust policy framework to deal with frauds, starting with the Code of Conduct, the Whistle-blower Policy and policy on fraud prevention. Awareness sessions are periodically held and people are encouraged to report suspected frauds through the whistle-blower mechanism.

Sustainability: Our manufacturing operations consume water and water is also an ingredient in the paint manufactured. Water security, therefore, becomes a critical risk. We have been taking steps to reduce our water footprint by investments in rainwater harvesting, water conservation, recycling water, reducing fresh water consumption, exploring options of consuming water from sewage treatment plants, and other steps. We have leveraged solar and wind energy to reduce the environmental impact of our operations. Steps are taken to reduce the specific energy consumed while manufacturing products. Efforts to reduce the generation of hazardous waste are taken up every year. Sustainability is also looked at from the point of view of green and safe products for the end consumer. Our efforts with respect to Corporate Social Responsibility addresses the social aspect of sustainability.

The current pandemic continues to throw up challenges with respect to safety, supply chain disruptions, stress on working capital and uncertainty in the overall economic environment. However, given the steps taken by global leaders in tackling the same, the experience in the previous year and the steps taken to mitigate some of the risks, we are confident of being able to deal with the situation. It will continue to monitor the developments and act in the best possible manner to balance the interest of all its stakeholders. In the current dynamic environment, we evaluate, monitor and assesses multiple uncertainties that potentially impact its strategic objectives. In this exercise it is guided by the Board through its Risk Management Committee.

Performance review

During FY 2020-21, revenue from operations on standalone basis increased by 7.7% to ₹ 18,516.9 Crores from ₹ 17,194.1 Crores. Net profit increased by 15.0% to ₹ 3,052.5 Crores as compared to ₹ 2,654.0 Crores in the previous corresponding period. On a consolidated basis, revenue from operations has increased by 7.4 % to ₹ 21,712.8 Crores from ₹ 20,211.3 Crores. Net profit after non-controlling interest (from continuing operations) increased by 15.8 % to ₹ 3,139.3 Crores as compared to ₹ 2,710.1 Crores in the previous corresponding period

Key ratios

Ratios	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Debtors turnover ratio	12.7	14.6	9.9	10.9
Inventory turnover ratio (on cost of goods sold)	3.4	3.5	3.4	3.5
Interest coverage ratio*	58.1	45.0	47.7	36.0
Current ratio	2.2	1.8	2.0	1.7
Debt equity ratio^	0.002	0.003	0.028	0.036
Operating margin ratio (%)	26.2	24.5	23.8	22.1
Net profit margin (%)	16.5	15.4	14.8	13.8
Return on networth (%) (RONW)**	28.3	29.0	27.4	27.6

* Interest coverage ratio increased in FY 2020-21 due to lower finance cost resulting mainly from lower borrowings and bill discounting.

^ Higher networth in FY 2020-21 resulted in improved Debt Equity ratio.

**RONW for standalone: As compared to FY 2019-20, RONW for FY 2020-21 is lower by 2.32% mainly due to higher retained earnings.

**RONW for consolidated: As compared to FY 2019-20, RONW for FY 2020-21 is lower by 0.83% mainly due to higher retained earnings.

Ten Year Review (Standalone)

RESULTS FOR THE FINANCIAL YEAR	2020-21**	2019-20**	2018-19**~ (Restated)	2017-18**	2016-2017**	2015-2016**	2014-2015	2013-2014	2012-2013	2011-2012
INCOME STATEMENT										
Net Revenue from Operations	18,516.9	17,194.1	16,391.8	14,153.7	12,722.8	11,830.3	11,648.8	10,418.8	8,960.1	7,964.2
Growth Rates (%)	7.7	4.9	15.8	11.2	7.5	1.6	11.8	16.3	12.5	25.7
Materials Cost	10,082.5	9,506.2	9,410.6	7,982.7	6,944.1	6,584.9	6,439.8	5,940.0	5,163.4	4,746.3
% to Net Revenue from Operations	54.5	55.3	57.4	56.4	54.6	55.7	55.3	57.0	57.6	59.6
Overheads	3,941.1	3,830.9	3,476.4	3,250.5	3,107.9	2,768.5	3,198.5	2,701.6	2,249.4	1,866.1
% to Net Revenue from Operations	21.3	22.3	21.2	23.0	24.4	23.4	27.5	25.9	25.1	23.4
Operating Profit (EBITDA)	4,859.5	4,214.6	3,789.6	3,198.0	2,971.0	2,726.4	2,197.3	1,950.9	1,673.4	1,493.2
Finance Costs	71.7	78.4	78.6	21.1	18.9	23.4	27.1	26.1	30.6	30.8
Depreciation and Amortisation Expense	697.5	690.0	540.8	311.1	295.4	234.5	223.1	212.3	177.0	99.5
Profit Before Tax and Exceptional Items	4,090.4	3,446.2	3,170.3	2,865.8	2,656.7	2,468.5	1,947.1	1,712.5	1,515.9	1,362.9
% to Net Revenue from Operations	22.1	20.0	19.3	20.2	20.9	20.9	16.7	16.4	16.9	17.1
Growth Rates (%)	18.7	8.7	10.6	7.9	7.6	26.8	13.7	13.0	11.2	21.4
Exceptional item	-	(33.2)	-	-	-	(65.4)	(13.5)	(9.9)	-	-
Profit Before Tax and after Exceptional Items	4,090.4	3,413.0	3,170.3	2,865.8	2,656.7	2,403.1	1,933.6	1,702.6	1,515.9	1,362.9
% to Net Revenue from Operations	22.1	19.9	19.3	20.2	20.9	20.3	16.6	16.3	16.9	17.1
Profit After Tax	3,052.5	2,654.0	2,132.2	1,894.8	1,801.7	1,622.8	1,327.4	1,169.1	1,050.0	958.4
Return on average capital employed (ROCE) (%)	38.1	37.8	38.40	38.7	40.9	45.0	49.9	51.7	54.0	59.3
Return on average net worth (RONW) (%)	28.3	29.0	25.6	27.7	27.7	29.5	33.9	35.3	38.1	42.9
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	11,995.2	9,357.4	8,747.0	7,702.2	6,998.8	5,829.8	4,134.3	3,505.0	2,926.3	2,391.9
Deferred Tax Liability (Net)	265.2	282.7	392.4	270.3	261.2	217.2	167.8	177.1	143.3	80.8
Borrowings	27.4	31.3	13.7	14.94	17.08	38.0	39.6	47.7	54.1	168.2
Tangible Fixed Assets and Intangible Assets	4,712.7	5,069.0	5,400.5	3,960.4	2,824.4	2,721.8	2,105.0	2,050.2	2,154.4	1,611.9
Investments	5,340.8	2,657.9	2,964.0	2,577.3	2,913.6	2,796.6	1,893.8	1,671.2	872.5	913.8
Debt-Equity Ratio	0.002:1	0.003:1	0.002:1	0.002:1	0.002:1	0.01:1	0.01:1	0.01:1	0.02:1	0.07:1
Market Capitalisation	2,43,387	1,59,850	1,43,180	1,07,469	1,02,970	83,297	77,820	52,559	47,139	31,056
PER SHARE DATA										
Earnings Per Share (EPS) (₹) #*	31.8	27.7	22.23	19.8	18.8	16.9	13.8	12.2	10.9	10.0
Dividend (%)	1,785	1,200	1,050	870	1,030	750.0	610	530.0	460.0	400.0
Book Value (₹)	126.1	98.6	92.2	81.3	74.0	61.8	44.1	37.5	31.5	25.9
OTHER INFORMATION										
Number of Employees	7,134	6,751	6,456	6,238	6,156	6,067	5,897	5,555	5,236	4,937
Number of Shareholders	522,165	3,15,626	2,20,538	1,91,561	2,02,988	1,65,986	1,47,143	87,997	54,813	60,537

* 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 comparative periods have been restated.

**Figures for these years are as per new accounting standards (IND AS) and hence not comparable to previous years. Revenue from operations in period prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years.

~ The figures for FY 2018-19 have been restated on account of retrospective application of Ind AS 116 - Leases. The cumulative impact of this retrospective application in prior years has been adjusted in opening retained earnings as at 1st April, 2018 (reducing the same by ₹ 42.0 Crores)

Ten Year Review (Consolidated)

RESULTS FOR THE FINANCIAL YEAR	2020-21**	2019-20**	2018-19**~ (Restated)	2017-18**	2016-2017**	2015-2016**	2014-2015	2013-2014	2012-2013	2011-2012
INCOME STATEMENT										
Net Revenue from Operations	21,712.8	20,211.3	19,248.5	16,843.8	15,168.2	14,263.2	14,182.8	12,714.8	10,938.6	9,632.2
Growth Rates (%)	7.4	5.0	14.3	11.0	6.3	0.6	11.5	16.2	13.6	24.7
Materials Cost	12,097.2	11,383.5	11,272.9	9,710.4	8,435.1	8,041.3	7,971.5	7,340.7	6,413.0	5,795.3
% to Net Revenue from Operations	55.7	56.3	58.6	57.6	55.6	56.4	56.2	57.7	58.6	60.2
Overheads	4,760.0	4,666.0	4,210.0	3,935.8	3,746.7	3,452.7	3,975.9	3,376.2	2,793.6	2,328.2
% to Net Revenue from Operations	21.9	23.1	21.9	23.4	24.7	24.2	28.0	26.6	25.5	24.2
Operating Profit (EBITDA)	5,158.7	4,466.1	3,998.6	3,418.2	3,248.9	2,982.5	2,405.1	2,132.1	1,846.5	1,616.2
Finance Costs	91.6	102.3	105.3	35.1	30.0	40.7	34.8	42.2	36.7	41.0
Depreciation and Amortisation Expense	791.3	780.5	622.1	360.5	334.8	275.6	265.9	245.7	154.6	121.1
Profit Before Tax and Exceptional Items (including share of profit of associate)	4,304.4	3,634.0	3,311.9	3,068.5	2,933.7	2,699.7	2,104.4	1,844.2	1,655.2	1,454.1
% to Revenue from Operations	19.8	18.0	17.2	18.2	19.3	18.9	14.8	14.5	15.1	15.1
Growth Rates (%)	18.4	9.7	7.9	4.6	8.7	28.3	14.1	11.4	13.8	15.4
Exceptional items	-	-	-	-	-	(52.5)	(27.6)	(9.9)	-	-
Profit Before Tax and after Exceptional Items	4,304.4	3,634.0	3,311.9	3,068.5	2,933.7	2,647.3	2,076.9	1,834.3	1,655.2	1,454.1
% to Net Revenue from Operations	19.8	18.0	17.2	18.2	19.3	18.6	14.6	14.4	15.1	15.1
Profit for the year (after Tax and Minority interests)**	3,139.3	2,705.2	2,155.9	2,038.9	1,939.4	1,745.2	1,395.2	1,218.8	1,113.9	988.7
Return on average capital employed (ROCE) (%)	35.4	34.4	34.1	34.8	37.6	40.5	45.3	47.6	50.3	54.3
Return on average net worth (RONW) (%)	27.4	27.6	24.1	25.5	27.5	28.9	31.8	32.8	36.3	40.1
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	12,710.4	10,034.2	9,374.6	8,314.3	7,508.0	6,428.9	4,646.4	3,943.3	3,288.4	2,652.6
Deferred Tax Liability (Net)	415.6	443.8	543.3	417.1	359.2	296.8	179.9	187.8	154.4	92.8
Borrowings	353.8	361.6	629.2	533.4	560.3	323.3	418.2	249.2	251.0	341.1
Tangible Fixed Assets and Intangible Assets	6,041.5	6,412.6	6,706.2	4,857.4	3,415.1	3,371.2	2,610.2	2,491.8	2,456.0	1,876.1
Investments	4,736.8	2,018.9	2,568.6	2,140.7	2,652.0	2,712.1	1,587.8	1,423.6	778.8	750.7
Debt-Equity Ratio	0.03:1	0.04:1	0.07:1	0.06:1	0.07:1	0.05:1	0.09:1	0.06:1	0.07:1	0.12:1
PER SHARE DATA										
Earnings Per Share (EPS) (₹) #*	32.7	28.2	22.5	21.3	20.2	18.2	14.5	12.7	11.6	10.3
Book Value (₹)	133.5	105.6	98.7	87.7	79.3	68.0	49.4	42.1	35.3	28.7

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

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

** Figures for these years are as per new accounting standards (IND AS) and hence not comparable to previous years. Revenue from operations in periods prior to GST implementation have been adjusted suitably for Excise duty on sale of goods, to enable comparability of Revenue from operations for these years.

^^ Includes 'Profit for the period from discontinued operations'. Refer note 32 of Consolidated Financials Statements.

~ The figures for FY 2018-19 have been restated on account of retrospective application of Ind AS 116 - Leases. The cumulative impact of this retrospective application in prior years has been adjusted in opening retained earnings as at 1st April, 2018 (reducing the same by ₹ 46.9 Crores)

Awards & Accolades

Being acknowledged for our achievements

Mr. K B S Anand, ex-MD & CEO was awarded the Business Standard CEO of the Year award for FY 2019-20



- Mr. Amit Syngle, MD & CEO, Asian Paints was ranked amongst the **TOP BUSINESS LEADERS in India** – Impact Digital Power 100
- Won the **'Golden Peacock award'** for 'Excellence in Corporate Governance'
- Asian Paints ranked 21st in Business Today – **Most Valuable Companies** List. (November 2020)
- Ranked **9th among the world's leading paint companies** by Coatings World – Top Companies Report (July 2020)
- Ranked among **'Most Trusted Brands'** in the Household Care Category (Brand Equity – Most Trusted Brands) – March 2020
- Rated as the **5th Most Valuable Brand in India** – Sept 2020 (Compiled by brand equity research experts Kantar and WPP Group)
- Included in the Forbes List of World's **'Best Regarded Companies'** (September 2019). It was the second consecutive appearance for Asian Paints in the coveted list.
- Included in **Forbes Asia's list of 'Best over a Billion'** companies in Asia Pacific – September 2019
- Asian Paints Penta Division wins **'Company of the year'** award in the 'Chemicals' category – FICCI 9th Edition of Chemicals and Petrochemicals Award ceremony (March 2021)
- Khandala Plant Wins **Platinum Recognition** – Outstanding Practice at the Confederation of Industry (CII) National Safety Practice Competition.
- Ankleshwar plant wins **'CII National Kai-Zen Competition'** for Innovative Kaizen and Restorative Kaizen
- Sriperumbudur plant wins **'Golden Peacock award'** for Occupational Health & Safety





Notice

Asian Paints Limited

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

CIN: L24220MH1945PLC004598, Phone No.: (022) 6218 1000

Website: www.asianpaints.com, Email: investor.relations@asianpaints.com

NOTICE is hereby given that the **SEVENTY-FIFTH ANNUAL GENERAL MEETING** of the Company will be held on **Tuesday, 29th June, 2021 at 11 a.m. IST** through Video Conference/ Other Audio Visual Means organized by the Company, to transact the following businesses. The venue of the meeting shall be deemed to be the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai - 400 055.

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - A. Audited Financial Statements of the Company for the financial year ended 31st March, 2021 together with the Reports of Board of Directors and Auditors thereon; and
 - B. Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 together with the Report of Auditors thereon.
2. To declare final dividend on equity shares for the financial year ended 31st March, 2021.
3. To appoint a Director in place of Mr. Abhay Vakil (DIN: 00009151), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jigish Choksi (DIN: 08093304), who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the Statutory Auditors of the Company and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 80th Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors of the Company.

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, expedient and desirable for the purpose of giving effect to this resolution”.

SPECIAL BUSINESS:

6. To consider the re-appointment of Mr. R. Seshasayee (DIN: 00047985) as an Independent Director of the Company to hold office for a second term from 23rd January, 2022 to 22nd January, 2027 and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), Mr. R. Seshasayee who was appointed as an Independent Director and who holds office upto 22nd January, 2022 and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term up to 22nd January, 2027.

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, expedient and desirable for the purpose of giving effect to this resolution”.

7. To continue the Directorship by Mr. R. Seshasayee (DIN: 00047985) as an Independent Director of the Company and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or

Notice (Contd.)

re-enactment(s) thereof for the time being in force) and other applicable laws, if any, approval of the members of Company be and is hereby accorded for continuation of directorship of Mr. R. Seshasayee as an Independent Director of the Company beyond 75 (seventy-five) years of age, after 31st May, 2023, not 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, expedient and desirable for the purpose of giving effect to this resolution”.

8. To consider the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”) and grant of stock options to the eligible employees of the Company under the 2021 Plan and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and other rules, regulations, circulars and guidelines of any/various statutory/regulatory authority(ies) that are or may become applicable and subject to any approvals, permissions and sanctions of any/various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”) the approval of the shareholders be and is hereby accorded to the Board to introduce, offer, issue and provide stock options under the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”), the salient features of which are furnished in the explanatory statement to this notice and to grant such stock options, to such person(s) who are in the permanent employment of the Company, whether working in India or out of India, and to the Directors of the Company, except for persons who, being permanent employees of the Company and/or directors of the Company, are otherwise not eligible under applicable laws to be granted stock options under the 2021 Plan (all such persons are hereinafter collectively referred to as “Eligible Employees”); at such price or prices, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the 2021 Plan.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees under the 2021 Plan shall not exceed 25,00,000 equity shares (as

may be adjusted for any changes in capital structure of the Company), issued by the Company under primary market route and/or acquisition of equity shares from the secondary market route, at a price decided by the Board, or by the Nomination and Remuneration Committee (the Nomination and Remuneration Committee hereinafter referred to as “the Administrator”, which to the extent of secondary acquisition of the Company’s equity shares by the Asian Paints Employees Stock Ownership Trust and related administrative matters shall also include delegation of administration to the Asian Paints Employees Stock Ownership Trust) from time to time in accordance with the 2021 Plan.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger, or sale of division(s) of the Company or other similar events, the Board and/or the Administrator (as the case may be) be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the 2021 Plan are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to allot equity shares of the Company as may be required for the 2021 Plan.

RESOLVED FURTHER THAT Board and/or the Administrator (as the case may be) be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the 2021 Plan on the stock exchanges as per the provisions of applicable laws and any listing-related requirements of the stock exchanges concerned.

RESOLVED FURTHER THAT the formation of the Asian Paints Employees Stock Ownership Trust with purposes, *inter alia*, to administer the 2021 Plan be and is hereby noted and approved, and trustees of the Asian Paints Employees Stock Ownership Trust be and are hereby authorized to take such steps as may be required in relation to the 2021 Plan or its implementation.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the 2021 Plan and generally for giving effect to these resolutions, the Board and/or the Administrator be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT all references to Board herein shall include the Nomination and Remuneration Committee and other committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution.

RESOLVED FURTHER THAT the Board and/or Administrator be and is hereby authorized to delegate all or any of the powers conferred herein, to any Committee of Directors, with power to further delegate such powers to any employee(s)/officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc., as may be necessary in this regard.

RESOLVED FURTHER THAT the Board, Company Secretary and/or Administrator, be and are hereby severally 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, expedient and desirable for the purpose of giving effect to this resolution”.

9. To consider the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”) and grant of stock options to the eligible employees of the Company’s subsidiaries under the 2021 Plan and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and other rules, regulations, circulars and guidelines of any/various statutory/regulatory authority(ies) that are or may become applicable and subject to any approvals, permissions and sanctions of any/various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”) the approval of the shareholders be and is hereby accorded to the Board to introduce, offer, issue and provide stock options under the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”), the salient features of which are furnished in the explanatory statement to this notice and to grant such stock options, to such person(s) who are in the permanent employment of any of the Company’s subsidiaries, whether working in India or out of India, and to the Directors of any of the Company’s subsidiaries, except for persons who, being permanent employees of any subsidiary and/or directors of any subsidiary, are otherwise not eligible under applicable laws to be granted stock options under the 2021 Plan (all such persons are hereinafter collectively referred to as “Eligible Employees”); at such price or prices, in one or more tranches and on such terms and conditions, as may be fixed or determined by the Board in accordance with the 2021 Plan.

RESOLVED FURTHER THAT the maximum number of stock options granted to Eligible Employees of both the Company and its subsidiaries under the 2021 Plan shall not cumulatively exceed 25,00,000 equity shares (as may be adjusted for any changes in capital structure of the Company), issued by the Company under primary market route and/or acquisition of equity shares from the secondary market route, at a price decided by the Board and/or the Nomination and Remuneration Committee (the Nomination and Remuneration Committee hereinafter referred to as “the Administrator”, which to the extent of secondary acquisition of the Company’s equity shares by the Asian Paints Employees Stock Ownership Trust and related administrative matters shall also include delegation of administration to the Asian Paints Employees Stock Ownership Trust) from time to time in accordance with the 2021 Plan.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger, or restructuring, sale of division(s) of the Company or other similar events, the Board and/or the Administrator (as the case may be) be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the 2021 Plan are passed on to the Eligible Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to allot equity shares of the Company as may be required for the 2021 Plan to the extent a primary issuance of equity shares is proposed thereunder.

RESOLVED FURTHER THAT the Board and/or the Administrator (as the case may be) be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the 2021 Plan on the stock exchanges as per the provisions of applicable laws and any listing-related requirements of the stock exchanges concerned.

RESOLVED FURTHER THAT, the formation of the Asian Paints Employees Stock Ownership Trust with purposes inter alia to administer the 2021 Plan be and is hereby noted and approved, and trustees of the Asian Paints Employees Stock Ownership Trust be and are hereby authorized to take such steps as may be required in relation to the 2021 Plan or its implementation.

RESOLVED FURTHER THAT all references to Board herein shall include the Nomination and Remuneration Committee and other committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this resolution.

RESOLVED FURTHER THAT the Board and/or Administrator be and is hereby authorized to delegate

Notice (Contd.)

all or any of the powers conferred herein, to any Committee of Directors, with power to further delegate such powers to any employee(s)/officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc., as may be necessary in this regard.

RESOLVED FURTHER THAT the Board, Company Secretary and/or Administrator, be and are hereby severally 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, expedient and desirable for the purpose of giving effect to this resolution”.

10. To consider the secondary acquisition of equity shares of the Company by the Asian Paints Employees Stock Ownership Trust for the implementation of the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”) and, if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** subject to the provisions of the Indian Trusts Act, 1882 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable laws (if any), the approval of the shareholders of the Company be and is hereby accorded to Asian Paints Employees Stock Ownership Trust (“the Trust”) to acquire equity shares of the Company by way of secondary acquisition for implementing the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”), with such acquisition (in one or more tranches) not cumulatively exceeding 25,00,000 equity shares (as may be adjusted for any changes in capital structure of the Company) of the Company constituting 0.26% of the paid-up equity share capital of the Company as on 12th May, 2021 (or such lower percentage as may be permitted under applicable laws) at such price(s) and on such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as “the Board”) over the term of the 2021 Plan.

RESOLVED FURTHER THAT subject to the provisions of the Companies Act, 2013 (including rules thereunder), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable laws, if any, approval of the shareholders of the Company be and is hereby accorded to make provision of money by way of financial assistance (in such manner as it deems fit) and/or to provide guarantee or security in connection with the financial assistance granted or to be granted to the Trust, in one or more tranches, not exceeding the statutory limits, for the acquisition of up to 25,00,000 equity shares of the Company constituting 0.26% of the paid-up equity share capital of the Company as on 12th May, 2021 in one or more tranches on such terms and conditions as may be decided by the Board, for acquisition of equity shares of the Company

for the purpose of implementation of the 2021 Plan (whether from the secondary market or otherwise).

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, buyback of shares, split or consolidation of shares, etc. of the Company, the maximum number of equity shares of the Company that can be acquired from the secondary market by the Trust shall be appropriately adjusted.

RESOLVED FURTHER THAT all references to Board herein shall include the Nomination and Remuneration Committee and other committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this resolution.

RESOLVED FURTHER THAT the Board and/or Company Secretary and/or the Administrator (as defined under the 2021 Plan), be and are hereby severally 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, expedient and desirable for the purpose of giving effect to this resolution”.

11. To consider the grant of Equity Stock options to Mr. Amit Syngle, Managing Director and CEO, under the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”) and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company (hereinafter referred to as “the Board”) and pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder, read with Schedule V to the Act (including any statutory modification(s) or re-enactments thereof) and pursuant to the Asian Paints Employee Stock Option Plan 2021 (“2021 Plan”) (upon approval of the 2021 Plan by the shareholders of the Company), and in partial modification to the resolution passed by shareholders on 5th August, 2020 pursuant to the notice of AGM dated 23rd June, 2020 sent to the Company’s shareholders approving the appointment and remuneration of Mr. Amit Syngle as the Managing Director & CEO of the Company, consent of the shareholders be and is hereby accorded to grant stock options under the 2021 Plan, to Mr. Amit Syngle, Managing Director & CEO of the Company.

RESOLVED FURTHER THAT the total commission and the value of the stock options granted under the 2021 Plan payable to the Managing Director & CEO in a financial year shall not exceed 0.75% of net profit of the Company as calculated under Section 198 and other applicable provisions, if any, of the Act read with the rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time

being in force), for each financial year, out of which the value of stock options granted in a financial year under the 2021 Plan shall not exceed 35% of the total remuneration payable, excluding the fixed component to Mr. Amit Syngle.

RESOLVED FURTHER THAT the approval for grant of stock options under the 2021 Plan as above shall continue till the expiry of the pool of stock options available under the 2021 Plan, or until cessation of Mr. Amit Syngle's employment with the Company, whichever is earlier.

RESOLVED FURTHER THAT the vesting of the stock options granted under the 2021 Plan is subject to the meeting such criteria as may be laid out by the Administrator, as defined in the 2021 Plan (as laid out in the explanatory statement to Item Nos. 8, 9 & 10).

RESOLVED FURTHER THAT effective from the date of approval by the shareholders of this resolution, the grant of stock options under the 2021 Plan shall be deemed to have been included to the terms and conditions of the appointment of Mr. Amit Syngle, Managing Director and CEO as approved by the shareholders and the executive employment agreement shall be amended accordingly.

RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized to alter and vary the terms and conditions of the appointment and/or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force).

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

12. To consider change of place of keeping and inspection of Register and Index of Members, returns, etc. and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 88, 94 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for the maintenance of the Registers and Index of Members of the Company under Section 150 of the Companies Act, 1956 or Section 88 of the Act, as applicable and copies of the returns prepared under Section 159 of the Companies Act, 1956 or Section 92 of the Act, as applicable, read with the Companies (Management and

Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with Article 144 of the Articles of Association of the Company, for the period(s) on or after 1st April, 2003, be shifted and maintained at M/s. TSR Darashaw Consultants Private Limited, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083, or at such other place within Mumbai, where the Registrar and Transfer Agent may shift its office from time to time.

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".

13. To ratify the remuneration payable to M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), Cost Auditors of the Company for the financial year ending 31st March, 2022 and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and 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 ₹ 8 Lakhs (Rupees eight lakhs 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 No. 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, 2022.

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".

By Order of the Board of Directors
of **Asian Paints Limited**

R J Jeyamurugan
CFO & Company Secretary

12th May, 2021

Registered Office:

6A, Shantinagar, Santacruz (E), Mumbai - 400 055.

Notice (Contd.)

Notes:

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 (the "Act"), in respect of businesses to be transacted at the Annual General Meeting ("AGM"), as set out under Item No(s). 6 to 13 above and the relevant details of the Directors as mentioned under Item No(s). 3, 4, 6, 7 and 11 above as required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("Listing Regulations") and as required under Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India, is annexed thereto.
2. The Board of Directors have considered and decided to include the Item No(s). 6 to 13 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
3. Pursuant to the General Circular nos. 14/2020, 17/2020, 20/2020, 02/2021 issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through Video Conference (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
4. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. Authorized representatives of the corporate members intending to participate in the AGM pursuant to Section 113 of Act, are requested to send to the Company, a certified copy (in PDF/JPG format) of the relevant Board Resolution/Authority letter, etc. authorizing them to attend the AGM, by e-mail to investor.relations@asianpaints.com.

Process for dispatch of Annual Report and registration of email id for obtaining copy of Annual Report

6. In compliance with the aforementioned Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depository Participant (DP). Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website at www.asianpaints.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and

www.nseindia.com respectively, and on the website of National Securities Depository Limited (NSDL) at www.evoting.nsdl.com.

7. Process for registration of e-mail addresses for obtaining Notice of the AGM along with Annual Report for FY 2020-21:

If your e-mail address is not registered with the Depositories (if shares held in electronic form)/ Company (if shares held in physical form), you may register on or before 5.00 p.m. (IST) on Sunday, 20th June, 2021 to receive the Notice of the AGM along with the Integrated Annual Report 2020-21 by completing the process as under:
 - a. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html.
 - b. Select the name of the Company 'Asian Paints Limited' from dropdown.
 - c. Enter details in respective fields such as DP ID and Client ID (if shares held in electronic form)/Folio no. and Certificate no. (if shares held in physical form), shareholder name, PAN, mobile no. and e-mail id.
 - d. System will send OTP on mobile no. and e-mail id.
 - e. Enter OTP received on mobile no. and e-mail id and submit.
8. Shareholders holding shares in physical mode can also register/update their email address by sending a duly signed request letter including their name and folio number to M/s. TSR Darashaw Consultants Private Limited (TSR), Company's Registrar and Transfer Agent at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083. Shareholders holding shares in dematerialized form are requested to register/update their email address with the relevant Depository Participant(s).
9. Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company at investor.relations@asianpaints.com.

Procedure for joining the 75th AGM through VC/OAVM

10. NSDL will be providing facility for voting through remote e-Voting, for participation in the 75th AGM through VC/OAVM and e-Voting during the 75th AGM.
11. Members may note that the VC/OAVM facility, allows participation of at least 1,000 Members on a first-come-first-served basis.
12. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same by following the steps mentioned at note no. 20 (d) "Step 1: Access to NSDL e-Voting system". After successful login, you can

see link of "VC/OAVM link" placed under "Join General Meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN (116052) of Company will be displayed.

13. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.
14. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first-come-first-served basis.
15. Members who need assistance before and during the AGM, can contact Mr. Amit Vishal, Senior Manager, NSDL or Mr. Sagar Ghosalkar, Assistant Manager, NSDL at evoting@nsdl.co.in or call on 1800-1020-990 and 1800-224-430.
16. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

Procedure to raise questions/seek clarifications with respect to Annual Report at the ensuing 75th AGM:

17. Members are encouraged to express their views/send their queries in advance mentioning their name, demat account number/folio number, email id, mobile number at investor.relations@asianpaints.com. Questions/queries received by the Company till 5.00 p.m. on Sunday, 27th June, 2021, shall only be considered and responded during the AGM.
18. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker, by following the steps mentioned at note no. 20 (d) "Step 1: Access to NSDL e-Voting system" between 9.00 a.m. on Thursday, 24th June 2021 to 5.00 p.m. on Sunday, 27th June 2021. After successful login, Members will be able to register themselves as a speaker shareholder by clicking on the link available against the EVEN (116052) of Asian Paints Limited.
19. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.
20. **Procedure for remote e-Voting and e-Voting during the AGM**
 - a. All the shareholders of the Company are encouraged to attend and vote in the AGM to be held through VC/OAVM.
 - b. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulation, (including any statutory

modification(s) and/or re-enactment(s) thereof for the time being in force), the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as e-Voting on the date of the AGM will be provided by NSDL.

- c. The remote e-Voting period commences on **Thursday, 24th June, 2021 at 9.00 a.m.** and will end on **Monday, 28th June, 2021 at 5.00 p.m.** During this period, Members holding shares either in physical form or in dematerialized form, as on **Tuesday, 22nd June, 2021** i.e. cut-off date, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Members have the option to cast their vote on any of the resolutions using the remote e-Voting facility either during the period commencing 24th June, 2021 to 28th June, 2021 or e-Voting during the AGM. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM.
- d. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-Voting system.

Details on Step 1 are mentioned below:

I. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Notice (Contd.)

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>A. NSDL IDeAS facility</p> <p>If you are already registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. 4. Click on “Access to e-Voting” appearing on the left hand side under e-Voting services and you will be able to see e-Voting page. 5. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting. <p>If you are not registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Option to register is available at https://eservices.nsd.com. 2. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5 above.
	<p>B. e-Voting website of NSDL</p> <ol style="list-style-type: none"> 1. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile phone. 2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL website wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi/Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will also be able to see the e-Voting Menu. The Menu will have links of ESP i.e. NSDL portal. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) logging through their Depository Participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-Voting facility. 2. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800-1020-990 and 1800-224-430
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at (022) 2305 8738 or (022) 2305 8542/43

II. Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

How to Log-in to NSDL e-Voting website?

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/Member" section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.
5. 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 EVEN is 116052 and folio number is 001*** then User ID is 116052001***

6. 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 by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i. If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the e-mail 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 Beneficiary 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. In case you have not registered your e-mail address with the Company/Depository, please follow instructions mentioned below in this notice.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, PAN, name and registered address.
 - d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.

Notice (Contd.)

8. After entering your password, click on Agree to “TermsandConditions” by selecting on the checkbox.
9. Now, you will have to click on “Login” button.
10. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN (116052)” of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from Depository.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the Depositories/Company for procuring user id and password for e-Voting for the resolutions set out in this Notice:

Shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing below mentioned documents.

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card).
2. In case shares are held in demat mode, please provide DP ID-Client ID (16 digit DP ID + Client ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card). If you are an Individual shareholder holding securities

in demat mode, you are requested to refer to the login method explained at point no. 20(d) “Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode”.

General Guidelines for shareholders:

1. Institutional shareholders/Corporate Members (i.e. other than individuals, HUF, NRI, etc.) are requested to send a 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 at 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 for e-Voting, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-1020-990 and 1800-224-430 or send a request at evoting@nsdl.co.in.
- e. Members who have cast their votes by remote e-Voting prior to the AGM may also attend/participate in the Meeting through VC/OAVM but they shall not be entitled to cast their vote again.
- f. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. Tuesday, 22nd June, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Company at investor.relations@asianpaints.com. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. 1800-1020-990 and 1800-224-430. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the

Notice and holding shares as of the cut-off date i.e. Tuesday, 22nd June, 2021 may follow steps mentioned in the Notice of the AGM under point 20 (d) "Access to NSDL e-Voting system.

- g. Mr. Makarand Joshi, Partner, M/s. Makarand M. Joshi & Co., Practicing Company Secretaries (Membership No. 5533, COP: 3662), has been appointed as the Scrutinizer for conducting voting process in a fair and transparent manner.
 - h. 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.
 - i. The results shall be declared not less than 48 (forty-eight) hours from conclusion of the AGM. The results along with the report of the Scrutinizer shall be placed on the website of the Company www.asianpaints.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.
21. Documents open for inspection:
- a. All the documents referred to in the accompanying notice and the statement pursuant to Section 102(1) of the Act shall be available for inspection through electronic mode. Members are requested to write to the Company on investor.relations@asianpaints.com for inspection of said documents; and
 - b. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act will be available for inspection by the members during the AGM by following the steps mentioned at note no. 20 (d) "Step 1: Access to NSDL e-Voting system". After successful login members will be able to view the documents for inspection by clicking on the link available against the EVEN (116052) of the Company.
- approved by the members at the AGM, will be paid on or after Friday, 2nd July, 2021, to those members whose names appear on the Register of Members as on Friday, 11th June, 2021.
23. 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.
 24. Members holding shares in physical/electronic form are required to submit their bank account details, if not already registered, as mandated by SEBI.
 25. Shareholders holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participant(s) and shareholders holding shares in physical mode shall send a duly signed request letter to TSR mentioning the name, folio no., bank details, self-attested PAN card and original cancelled cheque leaf. In case of absence of name of the first shareholder on the original cancelled cheque or initials on the cheque, bank attested copy of first page of the Bank Passbook/Statement of Account along with the original cancelled cheque shall be provided.
 26. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrants to such shareholder by post.
 27. Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company.
 - a. All Shareholders are requested to ensure that the below information & details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository Participant(s); or in case of shares held in physical form, with TSR, on or before the Record Date i.e. **Friday, 11th June, 2021.**

Please note that the following information & details, if already registered with the TSR and Depositories, as the case may be, will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

 - I. Valid Permanent Account Number (PAN)*.

Dividend related information

22. Final dividend for the financial year ended 31st March, 2021, as recommended by the Board of Directors, if

Notice (Contd.)

- II. Residential status as per the Income Tax Act i.e. Resident or Non-Resident for FY 2020-21.
- III. Category of the Shareholder viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, Foreign Company, Overseas Corporate Bodies, etc.
- IV. Email Address.
- V. Residential Address.

*If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN. Further as per the Notification of Central Board of Direct Taxes, individual shareholders are requested to link their Aadhaar number with PAN.

- b. For Resident Shareholders, TDS is required to be deducted at the rate of 10% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the financial year 2021-22 provided valid PAN is registered by the Shareholder. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% Section 206AA of the Income Tax Act, 1961.

However, in case the dividend is not exceeding ₹ 5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. If any resident individual shareholder is in receipt of Dividend exceeding ₹ 5,000 in a fiscal year, entire dividend will be subject to TDS @ 10%.

Even in the cases where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

- c. For Non-resident shareholders [Including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)], the TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 195 or 196D of the Income Tax Act, 1961, as the case may be. Further, as per Section 90 of the Income Tax Act,

1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them.

For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

- I. Self-attested copy of the PAN allotted by the Indian Income Tax authorities
- II. Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident;
- III. Self-declaration in Form 10F; and
- IV. Self-declaration in the attached format certifying:

- Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2021-22;
- Shareholder is eligible to claim the beneficial Double Taxation Avoidance Agreement (DTAA) rate for the purposes of tax withholding on dividend declared by the Company;
- Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
- Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
- Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2021-22.

- d. The draft of the aforementioned documents may also be accessed from the Company's website at

<https://www.asianpaints.com/more/investors/DividendInformation.html>.

- e. **Submission of tax related documents:**

Resident Shareholders

The aforesaid documents such as Form 15G/15H, documents under Sections 196, 197A, etc. can be uploaded on the link <https://tcpl.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before **Friday, 18th June, 2021** to enable the Company to determine the appropriate TDS/

withholding tax rate applicable. Any communication on the tax determination/deduction received post **Friday, 18th June, 2021** shall not be considered.

Shareholders can also send the scanned copies of the documents mentioned above at the email id mentioned below:

Email ID	csg5-exemptforms2122@tcplindia.co.in
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Non-Resident Shareholders

Shareholders are requested to send the scanned copies of the documents mentioned above at the email id mentioned below:

Email ID	csg5-exemptforms2122@tcplindia.co.in
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These documents should reach us on or before Friday, 18th June, 2021 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post Friday, 18th June, 2021.

- f. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.
 - g. We shall arrange to email the soft copy of TDS certificate at your registered email ID in due course, post payment of the dividend.
 - h. Separate email communication was sent to the shareholders on Monday, 24th May, 2021, informing the said change in Income Tax Act, 1961 and as well as relevant procedure to be adopted by the shareholders for availing the applicable tax rate.
28. Transfer of Unclaimed Dividend Amounts to the Investor Education and Protection Fund (IEPF):
- a. Pursuant to the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends that are unpaid or unclaimed for a period of 7 (seven) years from the date of their transfer are required to be transferred by the Company to the IEPF, administered by the Central Government. Further, according to the said IEPF Rules, shares in respect of which dividend 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 2020-21, the Company has transferred to IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	Amount in Dividend (in ₹)	No. of Shares
Final Dividend 2012-13	98,59,582	93,200
Interim Dividend 2013-14	35,13,977	50,538
Total	1,33,73,559	1,43,738

- 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.

Others

29. SEBI has mandated the submission of 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. Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
30. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and re-lodged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated 7th September, 2020 read with SEBI circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated 2nd December, 2020 had fixed 31st March, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or TSR for assistance in this regard.

Notice (Contd.)

31. 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 Act. 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 TSR. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility. The Form SH-13 is available on the website of the Company at <https://www.asianpaints.com/more/investors/AnnualReportFY2021.html>.

EXPLANATORY STATEMENT

In terms of Regulation 36(5) of the Listing Regulations

Resolution No. 5

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

The Board of Directors at their meeting held on 12th May, 2021, based on recommendations of the Audit Committee, have approved the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 (five) years i.e. from the conclusion of this AGM till the conclusion of 80th AGM. The re-appointment is subject to approval of the shareholders of the Company.

In accordance with the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have provided their consent and eligibility certificate to that effect that, their re-appointment, if made, would be in compliance with the applicable laws.

The proposed remuneration to be paid to M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, for the financial year is ₹ 1.67 crores (Rupees one crore sixty seven lakhs).

The remuneration to be paid to Statutory Auditors during the second term shall be mutually agreed between the Board of Directors and Statutory Auditors, from time to time.

EXPLANATORY STATEMENT

In terms of Section 102 of the Companies Act, 2013

Resolutions No. 6 and 7

At the 71st AGM of the Company held on 27th June, 2017, the shareholders had approved the appointment of Mr. R Seshasayee (DIN: 00047985) as an Independent Director to hold office for a period of 5 (five) consecutive years up to 22nd January, 2022.

The Board of Directors of the Company at their meeting held on 12th May, 2021, based on the (i) outcome of performance evaluation (ii) recommendations of the Nomination and Remuneration Committee and (iii) experience and significant contributions made by Mr. R Seshasayee, have approved his re-appointment as an Independent Director for the second term of 5 (five) consecutive years w.e.f. 23rd January, 2022 to 22nd January, 2027, subject to approval of the shareholders.

In accordance with Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, consent of the shareholders by way of Special Resolution shall be required for continuation of directorship of Non-Executive Directors of the Company who have attained the age of 75 (seventy-five) years.

Mr. R. Seshasayee, Independent Director of the Company, would attain the prescribed age limit on 31st May, 2023, during the midst of the proposed second term of re-appointment.

In the opinion of the Nomination and Remuneration Committee and the Board of Directors of the Company, considering the wealth of experience of Mr. R Seshasayee and the immense value to the Board and the Company, the re-appointment of Mr. R Seshasayee for a second term of 5 (five) consecutive years from 23rd January, 2022 to 22nd January, 2027 and continuation of his directorship beyond 75 (seventy-five) years of age would be in the interest of the Company and its shareholders.

Relevant details relating to re-appointment and continuation of Directorship of Mr. R Seshasayee, including his profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the "Annexure" to the Notice.

Mr. R. Seshasayee is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company.

The Company has also received declarations from Mr. R. Seshasayee that he meets the criteria of independence as prescribed under Section 149 of the Act and the Listing Regulations. In the opinion of the Board, Mr. R. Seshasayee fulfil the conditions for re-appointment as Independent Director as specified in the Act and Listing Regulations. Mr. R. Seshasayee is independent of the management.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. R. Seshasayee for the office of Director of the Company.

Other than Mr. R. Seshasayee and his relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in these resolutions, except to the extent of their respective shareholding, if any, in the Company. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolutions set out at Item Nos. 6 to 7 of the Notice for approval by the members.

Resolutions No. 8, 9 and 10

The Board of Directors of the Company ("Board") at their meetings held on 30th March, 2021 and 12th May, 2021, based on the recommendations of the Nomination and Remuneration Committee ("the Committee") *inter alia*, formulated and approved the Asian Paints Employee Stock Option Plan 2021 ("2021 Plan") and the detailed terms and conditions of 2021 Plan, subject to the approval of the shareholders at the ensuing AGM. The approval of the shareholders is being sought for issue of stock options to the Eligible Employees (as defined in

the 2021 Plan) of the Company and its subsidiaries based on satisfaction of the performance of the Eligible Employees and vesting conditions under the 2021 Plan.

Pursuant to Regulation 6 and Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), read with the requirements enumerated by the Securities and Exchange Board of India ("SEBI") through the Circular No. CIR/CFD/POLICY/CELL/2/2015 dated 16th June, 2015, as well as the requirements prescribed by Section 67(3)(b) of the Companies Act, 2013 ("the Act") read with Rule 16(2) of the Companies (Share Capital and Debentures) Rules, 2014, the key details of the 2021 Plan are set out below:

Sr. No.	Particulars	Asian Paints Employee Stock Option Plan 2021
1.	Brief description of the 2021 Plan	<p>The purpose of the 2021 Plan is to:</p> <ul style="list-style-type: none"> • incentivise, retain and attract key talent through a performance-based stock option grant program; • enhance shareholder value; • create a sense of ownership among the employees; and • provide a tool for wealth creation (subject to performance of the Company, and its share price) to align their medium and long-term compensation with the Company's performance <p>The 2021 Plan provides for grant of stock options to Eligible Employees (as defined under 2021 Plan), and subject to applicable laws and conditions of the 2021 Plan, the Eligible Employees who have been granted stock options (i.e. "Participants") shall be entitled to receive equity shares of the Company ("Shares") on exercise of the stock options, subject to fulfilment of vesting conditions.</p> <p>The 2021 Plan replaces the existing Deferred Incentive Scheme (which provides for deferred cash pay-outs based on performance of the employees and satisfaction of vesting conditions). Eligible Employees shall have a choice for their entitlement under the Deferred Incentive Scheme for financial year 2020-21 to be in the form of stock option under the 2021 Plan.</p>
2.	Validity Period of the 2021 Plan	The term of the 2021 Plan shall be 15 years from the date of approval of shareholders and grant of stock options can be made for a period of 10 years from the date of approval of the shareholders of the Company.
3.	Role of Administrator	<p>The 2021 Plan shall be administered by the Administrator which shall mean the Committee and to the extent of secondary acquisition and related administrative matters shall also include delegation of administration to the Asian Paints Employees Stock Ownership Trust ("ESOP Trust" or "Trust") from time to time, whose decisions, determinations, and interpretations will be final and binding on all Eligible Employees under the 2021 Plan.</p> <p>The SEBI Regulations require secondary acquisition of the Shares to be implemented through a Trust (and consequently the Trust's role in implementation of the 2021 Plan). However, the Committee has specific responsibilities under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to being the Compensation Committee under the SEBI Regulations.</p>
4.	The total number of stock options to be granted	<p>i) A maximum of 25,00,000 stock options (equivalent to 0.26% Shares) as on 12th May, 2021, would be available for grant to the Eligible Employees under the 2021 Plan, through the primary market route and/or secondary market route;</p> <p>ii) The stock options will be granted over 10 (ten) years period of the 2021 Plan with vesting over period of 15 (fifteen) years from the date of approval of the shareholders of the Company;</p> <p>iii) The stock options, which will lapse, expire, or be forfeited, will be available for further grant to the Eligible Employees; and</p> <p>iv) Number of stock options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buyback of shares, split or consolidation of shares etc. of the Company.</p>

Notice (Contd.)

Sr. No.	Particulars	Asian Paints Employee Stock Option Plan 2021
5.	Identification of classes of employees entitled to participate and be beneficiaries in the 2021 Plan	<p>‘Employees’, as defined under the SEBI Regulations, of the Company and its subsidiaries, whether working in India or abroad, will be entitled to participate in the 2021 Plan, subject to the fulfillment of such eligibility criteria as may be specified in the SEBI Regulations and/or as may be determined by the Administrator (as defined under the 2021 Plan) from time to time.</p> <p>It is clarified that persons who may be ‘Employees’ under the SEBI Regulations, of the Company or its subsidiaries but are not eligible under applicable laws to be granted stock options under the 2021 Plan, shall not be eligible to participate under the 2021 Plan.</p> <p>At the outset, the following classes of Eligible Employees have been identified for grant of stock options:</p> <ol style="list-style-type: none"> i) Employees in the cadre M4 (Chief Manager) and above including seconded employees of the Company; ii) Managing Director & CEO; and iii) Eligible Directors and employees of subsidiaries (equivalent to the cadres i) and ii) above) of the Company across geographies. <p>The above is the initial identification, and does not detract from the provisions of the 2021 Plan on the Eligible Employees who can be granted stock options under the 2021 Plan. The Administrator shall, in consultation with the MD & CEO, determine the Eligible Employees entitled to be beneficiaries of the 2021 Plan, from time to time.</p>
6.	Requirements of Vesting and period of Vesting	<ol style="list-style-type: none"> i) The vesting period shall be decided by the Committee from time to time in accordance with the 2021 Plan, however, the minimum vesting period shall not be less than 12 months from the date of grant of the stock options (or such other period as required under the SEBI Regulations as in effect from time to time) and the maximum vesting period shall not be more than 48 months from the date of grant of the stock options. Vesting may happen in one or more tranches; ii) There would be immediate vesting of all unvested stock options in case of retirement of the Participants. iii) There would be immediate vesting of all unvested stock options in case of death or permanent incapacity of the Participants; iv) In the event of termination of employment, or resignation of the Participant, stock options granted under the relevant award agreement which are not vested on the Participant on the date of termination of employment/resignation (as the case may be) will automatically lapse; and v) In the event the employment of the Participant is terminated for misconduct, the stock options will lapse if the employment is terminated prior to vesting. Where the stock options are vested on the Participant, the unexercised stock options shall be forfeited if the Participant’s employment is terminated for misconduct.
7.	Maximum period within which the stock options shall vest	The maximum vesting period shall not be more than 48 months from the date of grant of the stock options.
8.	Exercise price or pricing formula	<p>The exercise price for any stock options granted to Eligible Employee shall be at a discount of 50% to the “Reference Share Price” of the shares of the Company (rounded off to the next whole number, if not a whole number);</p> <p>“Reference Share Price” means the average of the daily high and low of the volume weighted average prices of the Shares quoted on a recognised stock exchange during the 22 trading days preceding the day on which the grant is made.</p>
9.	Exercise period and process of exercise	The exercise period for Participants (or for legal heirs/nominees of deceased participants) shall be up to 730 calendar days, as may be determined by the Administrator and mentioned in the respective eligible employees award agreement. In case of termination of employment (other than for misconduct) or resignation of the Participant, the vested stock options shall be exercised within a period of 30 calendar days from the date of termination of employment/resignation - unless this period is extended by the Administrator.
10.	The appraisal process for determining the eligibility of employees for the scheme(s)	The appraisal process for determining the eligibility of employees for the grant of stock options under the 2021 Plan shall be determined by the Nomination and Remuneration Committee in consultation with Managing Director & CEO and based on their level, performance rating and such other criteria as may be considered appropriate.

Sr. No.	Particulars	Asian Paints Employee Stock Option Plan 2021
11.	Maximum number of stock options to be granted per employee, and in aggregate; and Maximum quantum of benefits to be provided per employee under the 2021 Plan	<ul style="list-style-type: none"> i) The maximum number of Shares subject to stock options granted shall not exceed 5,00,000 Shares of the Company per Eligible Employee during the tenure of the 2021 Plan; ii) The maximum aggregate number of Shares that may be awarded under the 2021 Plan is 25,00,000 Shares, which is 0.26% of the paid-up equity shares capital of the Company as on 12th May, 2021, issued by the Company under primary market route and/or acquisition of shares under the secondary market route; iii) The options, which will lapse, expire, or be forfeited, will be available for further grant to the Eligible Employees; and iv) Number of stock options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buyback of shares, split or consolidation of shares, etc. of the Company.
12.	Whether the 2021 Plan is to be implemented and administered directly by the Company or through a trust	The Nomination and Remuneration Committee shall administer the 2021 Plan, which to the extent of secondary acquisition of Shares and related administrative matters shall also include delegation of administration to the ESOP Trust.
13.	Whether the 2021 Plan involves new issue of Shares by the Company or secondary acquisition by the ESOP Trust or both	<ul style="list-style-type: none"> i) The 2021 Plan envisages a combination of fresh issue of Shares and secondary (market) purchase of Shares of the Company (through the ESOP Trust to the extent of the secondary market purchase) subject to the regulatory approvals. The Administrator (being the Nomination and Remuneration Committee) has the sole discretion to determine the break-up between primary issuance and secondary acquisition – to the extent that there may be only primary issuance (and no secondary acquisition) or only secondary acquisition (and no primary issuance) during the tenure of the 2021 Plan; ii) The ESOP Trust may acquire up to 25,00,000 Shares (being 0.26% of the paid-up share capital of the Company) as on 12th May, 2021, being the maximum number of shares covered in the 2021 Plan, as may be adjusted for any changes in capital structure of the Company from the secondary market, subject to applicable laws (including the restrictions on secondary acquisition under the SEBI Regulations); iii) This is a maximum upfront cap and is not indicative of the number of Shares of the Company that may actually be acquired by the ESOP Trust. iv) It has been decided that no equity shares shall be issued by the Company (i.e. under the primary route) for stock options granted during financial year 2021-22 under the 2021 Plan. Accordingly, for stock options to be granted during the financial year 2021-22 (including those which maybe granted in relation to pay-outs under the Deferred Incentive Scheme for financial year 2020-21), the Trust shall acquire equity shares of the Company from the market under the secondary acquisition route. The Trust may acquire such number of additional equity shares as maybe deemed necessary by the Administrator. For the balance term of the 2021 Plan, the Administrator would appropriately consider and decide on issuance of shares through the primary market route and/or acquisition of shares from the secondary market route; and
14.	The amount of loan to be provided for implementation of the scheme(s) by the Company to the ESOP Trust, its tenure, utilization, repayment terms, etc.	<p>The maximum amount of financial assistance is expected to be upto ₹ 400 crores (Rupees four hundred crores) over the term of the 2021 Plan.</p> <p>The Company shall (from time to time) make provision for money by way of grant of financial assistance and/or provide guarantee or security in connection with the financial assistance granted or to be granted to the ESOP Trust, to fund the ESOP Trust which shall be utilized for the purpose of purchase of Shares from the secondary market on the platform of a recognized stock exchange for the 2021 Plan. Such amount provisioned to the ESOP Trust shall not exceed the statutory limits. The exercise price of vested stock options shall be used to repay the financial assistance provided by the Company to the Trust. Additionally, any dividends received on Shares purchased pursuant to the 2021 Plan shall be used in such manner as the Administrator may deem fit, including (i) for secondary acquisition of Shares and/or (ii) repayment of the financial assistance (if any) made by the Company to the ESOP Trust and/or (iii) other administrative expenses to be incurred by the Trust. The tenure and other relevant terms of the loan (if any) made by the Company to the ESOP Trust shall be as may be mutually agreed at the time of grant of the loan.</p> <p>As the Company may provide money to the Trust for purchase of its own Shares for the purpose of implementing the 2021 Plan, the details required in the explanatory statement for the provision of such money, under Section 67 of the Act read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:</p> <ul style="list-style-type: none"> a) The class of employees for whose benefit the 2021 Plan is being implemented and money is being provided for purchase of or subscription to Shares: As mentioned in paragraph 5 above.

Notice (Contd.)

Sr. No.	Particulars	Asian Paints Employee Stock Option Plan 2021
	b)	The particulars of the trustee in whose favour such Shares are to be registered: Same as paragraph 14(c) below.
	c)	The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters/promoters group, directors or key managerial personnel: <p>Name of trust: Asian Paints Employees Stock Ownership Trust</p> <p>Address of the trust: 208, Ceejay House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai - 400 018</p> <p>Particulars of the trustees are given below:</p> <ol style="list-style-type: none"> Barclays Wealth Trustees (India) Private Limited, a Company incorporated under the Companies Act, 1956, and having its registered office at 208, Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai - 400 018, Maharashtra (Designated Trustee); and Mr. Aashish Kshetry, Vice President - Human Resource & IT and Mr. Parag Rane, General Manager – Finance, Asian Paints Limited having its registered office at 6A, Shantinagar, Santacruz (East), Mumbai - 400 055 (Other Trustees). <p>None among the Trustees are related and/or connected to any of the Promoter(s), Director(s) of Key Managerial Personnel of the Company.</p>
	d)	Any interest of key managerial personnel, directors or promoters in the 2021 Plan or trust and effect thereof: Directors and Key Managerial Personnel may be deemed to be interested to the extent of the stock options as maybe granted to them under the 2021 Plan, and to the extent of their shareholding as shareholders of the Company.
	e)	The detailed particulars of benefits which will accrue to the employees from the implementation of the 2021 Plan: The employee can receive Shares upon the exercise of the stock options granted to them as per the relevant award agreement.
	f)	Details about who would exercise the voting rights and how in respect of the Shares to be purchased or subscribed under the 2021 Plan would be exercised: The SEBI Regulations provide that the trustee of a trust governed under the SEBI Regulations, shall not vote in respect of the Shares held by the trust, so as to avoid any misuse arising out of exercising such voting rights.
15.	Maximum percentage of secondary acquisition (subject to limits specified under the SEBI Regulations) that can be made by the ESOP Trust for the purposes of the 2021 Plan	Maximum percentage of secondary acquisition (subject to limits specified under the SEBI Regulations) that can be made by the ESOP Trust for the purposes of the 2021 Plan is 0.26% of the paid-up capital of the Company as on 12 th May, 2021.
16.	A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15 of the SEBI Regulations	The Company will follow accounting policies and related disclosure requirements set out in applicable laws (including those set out in Regulation 15 of the SEBI Regulations or in any other accounting standard(s) or guidance note(s) that may be issued by the Institute of Chartered Accountants of India from time to time) in relation to accounting for matters relating to the stock options.
17.	The method which the Company shall use to value its options	To calculate the employee compensation cost, the Company shall use the Fair Value Method for the valuation of its stock options granted.

As the 2021 Plan provides for issue of Shares to be offered to persons other than the existing shareholders of the Company, consent of the shareholders is being sought pursuant to Section 62 and all other applicable provisions, if any, of the Act and as per Regulation 6 of the SEBI Regulations.

Pursuant to the provisions of the SEBI Regulations, a separate resolution is required to be passed if the grant of stock options, to the employees of subsidiaries, and a separate resolution is required in the event of secondary acquisition for implementation of a scheme. Accordingly, the resolutions set as Resolution Nos. 8, 9 & 10 are being placed for the approval of shareholders.

None of the members of the Promoter(s) and Promoter(s) Group and/or their relatives are in any way concerned or interested in these resolutions financially or otherwise, except to the extent of their shareholding as shareholders. The Directors, Key Managerial Personnel or their relatives may be deemed to be concerned or interested in these resolutions to the extent of stock options that may be granted to them and to the extent of their shareholding as shareholders, if any.

The Board of Directors of the Company recommends the passing of the proposed resolutions stated in Resolution Nos. 8, 9 & 10 as Special Resolution(s):

- a. Item No. 8 - Grant of stock options to the eligible employees of the Company under the 2021 Plan;
- b. Item No. 9 - Grant of stock options to the eligible employees of the Company's subsidiaries under the 2021 Plan; and
- c. Item No. 10 - Secondary acquisition of equity shares of the Company by the Asian Paints Employees Stock Ownership Trust for implementation of the 2021 Plan.

Resolution No. 11

Approval of grant of stock options to Mr. Amit Syngle, Managing Director & CEO ('MD & CEO'), under the Asian Paints Employee Stock Option Plan 2021 ("2021 Plan").

The 2021 Plan covers MD & CEO of the Company. Accordingly, Mr. Amit Syngle, MD & CEO of the Company, is also eligible to participate in the 2021 Plan.

The remuneration of Mr. Amit Syngle as the MD & CEO was approved by the shareholders of the Company at the 74th Annual General Meeting held on 5th August, 2020 ("the Original Resolution").

The Board of Directors of the Company, based on the recommendations of the Nomination & Remuneration Committee, propose to grant Mr. Amit Syngle, MD & CEO, stock options to incentivize him, further increase shareholder value and in recognition of his efforts as the MD & CEO. From the 2021 Plan (subject to the same being approved by the shareholders), it is proposed to grant equity stock options in

the form of stock options which shall vest and be capable of exercise into equity shares of the Company in accordance with the performance and vesting related conditions as specified in the 2021 Plan from the financial year 2020-21 onwards.

The total commission and the value of the stock options granted under the 2021 Plan payable to the Managing Director & CEO in a financial year shall not exceed 0.75% of net profit of the Company as calculated under Section 198 and other applicable provisions, if any, of the Act read with the rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), for each financial year, out of which the value of stock options granted under the 2021 Plan shall not exceed 35% of the total remuneration payable in each financial year, excluding the fixed component.

The said variation is approved by the Nomination and Remuneration Committee and the Board of Directors of the Company in accordance with the applicable provisions of the Act (and other applicable laws) and in accordance with the Original Resolution, and as such approval of shareholders is not required for the resolution referred in Item No. 11 above, however, the same is now being sought as a measure of good corporate governance.

The resolution seeks the approval of the shareholders in terms of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Act and the rules framed thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the change in remuneration of Mr. Amit Syngle, MD & CEO. Relevant details relating to variation in terms of remuneration of Mr. Amit Syngle, including his profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the "Annexure" to the Notice.

Except Mr. Amit Syngle and his relatives, none of the other Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution.

The Board of Directors of the Company recommends the passing of the proposed resolution stated in Item No. 11 as an Ordinary Resolution.

Resolution No. 12

The Company had appointed M/s. TSR Darashaw Limited ("TSRD") as its Registrar and Transfer Agent ("RTA") with effect from 1st April, 2016. The Shareholders of the Company through Postal Ballot on 24th May, 2016, had, inter alia, approved the maintenance of the statutory records of the Company for the period(s) on or after 1st April, 2003, required to be maintained under Sections 88 & 92 of the Act & its corresponding provisions under the Companies Act, 1956 ("erstwhile Act"), as may be applicable, at the office of TSRDL located in Mahalaxmi, Mumbai or at such other place

Notice (Contd.)

where the Registrar and Transfer Agent may shift its office from time to time.

The Registry business of TSRDL was demerged into a new entity M/s. TSR Darashaw Consultants Private Limited (TSR) with effect from 28th May, 2019, however the operational and registered office of TSR remained same. TSR has shifted its Registered and Operating Office situated at Mahalaxmi, Mumbai, to another location situated in Vikhroli, Mumbai with effect from 1st March, 2021, pursuant to acquisition of a 100% stake in TSR by M/s. Link Intime India Private Limited.

In accordance with Section 94 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, the Register and Index of Members under Section 88 of the Act and copies of Annual Returns under Section 92 of the Act are required to be kept and maintained at the Registered Office of the Company, unless a Special Resolution is passed in a general meeting authorizing keeping of the register at any other place within the city, town or village in which the Registered Office is situated.

The Company proposes to shift its Register and Index of Members and copies of the Annual Returns pertaining to the period(s) on or after 1st April, 2003 to the office of TSR, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083.

Accordingly, the Company would maintain the Registers and Index of Members and copies of Annual Returns in the following manner:

Sr. No.	Details of records	Place of maintenance
1.	Register and Index of Members under Section 150 of the Companies Act, 1956 or Section 88 of the Companies Act, 2013 (as applicable) and copies of Annual Returns under Section 159 of the Companies Act, 1956 or Section 92 of the Companies Act, 2013 (as applicable) pertaining to the period(s) upto 31 st March, 2003	Registered Office of the Company: 6A, Shantinagar, Santacruz (East), Mumbai- 400 055
2.	Register and Index of Members under Section 150 of the Companies Act, 1956 or Section 88 of the Companies Act, 2013 (as applicable) and copies of Annual Returns under Section 159 of the Companies Act, 1956 or Section 92 of the Companies Act, 2013 (as applicable) pertaining to the period(s) on or after 1 st April, 2003	Registered Office of TSR: M/s. TSR Darashaw Consultants Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai - 400 083.

None of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board of Directors of the Company recommends the passing of the proposed resolution stated in Item No. 12 as a Special Resolution.

Resolution No. 13

The Board of Directors at its meeting held on 12th May, 2021, based 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, 2022, at a remuneration not exceeding ₹ 8 Lakhs (Rupees eight lakhs 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 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 for the financial year ending 31st March, 2022.

None of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution, except to the extent of their respective shareholding, if any, in the Company.

The Board recommends the Resolution as set out at Item No. 13 of the Notice for approval by the members.

By Order of the Board of Directors
of **Asian Paints Limited**

R J Jeyamurugan
CFO & Company Secretary

12th May, 2021

Registered Office:

6A, Shantinagar, Santacruz (E), Mumbai - 400 055.

Annexure

Name of Director(s)	Mr. Abhay Vakil (DIN: 00009151)	Mr. Jigish Choksi (DIN: 08093304)
Age (Years)	71	40
Experience and Qualifications	<p>Mr. Abhay Vakil holds a Bachelors' Degree in Science from the University of Mumbai and B.S. from Syracuse University, USA.</p> <p>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 incharge 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 Joint Managing Director of the Company in the year 2009 and is now a Non-Executive Director on the Board of Directors of the Company.</p>	<p>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.</p> <p>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.</p> <p>Mr. 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.</p>
Expertise in specific Functional Areas	Vast experience in all functions of the Company including Paint Industry, Sales & Marketing, Supply Chain Management and General Management.	Family and General Business Management and Sales & Marketing.
Date of first appointment on the Board	22 nd July, 2014	1 st April, 2019
Shareholding in the Company as on 31st March, 2021	2,32,88,200 equity shares of face value of ₹ 1 each (2.43%)	19,95,180 equity shares of face value of ₹ 1 each (0.20%)
Terms and conditions of re-appointment	Non-Executive Director, liable to retire by rotation	Non-Executive Director, liable to retire by rotation
Details of remuneration last drawn (FY 2020-21)	₹ 48,30,000	₹ 38,40,000
Details of proposed remuneration	Sitting fees and Commission as may be approved by the Board of Directors in accordance with applicable provisions of law.	Sitting fees and Commission as may be approved by the Board of Directors in accordance with applicable provisions of law.

Notice (Contd.)

Name of Director(s)	Mr. Abhay Vakil (DIN: 00009151)	Mr. Jigish Choksi (DIN: 08093304)
Inter-se relationships between		
• Directors	Uncle of Ms. Amrita Vakil	Cousin of Mr. Manish Choksi
• Key Managerial Personnel	NA	NA
Number of meetings of the Board attended during the financial year 2020-21	7 of 7	7 of 7
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of the Company as on date	<ul style="list-style-type: none"> • Chairman, Shareholders Committee • Member, Audit Committee • Member, Investment Committee 	<ul style="list-style-type: none"> • Member, Stakeholders Relationship Committee
Other companies in which he/she is a Director excluding Directorship in Private and Section 8 companies as on 31st March, 2021	<ul style="list-style-type: none"> • Resins and Plastics Limited • Vikatmev Containers Limited • Stack Pack Limited 	ELF Trading and Chemical Manufacturing Limited
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of other companies in which he/she is a Director excluding Private and Section 8 companies as on 31st March, 2021	Resins and Plastics Limited <ul style="list-style-type: none"> • Chairman, Stakeholders Relationship Committee • Chairman, Share Transfer Committee 	Nil

Annexure

Name of Director(s)	Mr. R. Seshasayee (DIN: 00047985)	Mr. Amit Syngle (DIN: 07232566)
Age (Years)	73	55
Experience and Qualifications	<p>Mr. R. Seshasayee a Chartered Accountant, was Managing Director of Ashok Leyland Limited from 1998 to 2011, Executive Vice Chairman from 2011 to 2013 and Non Executive Vice Chairman from 2013 to 2016. He was also the Chairman of IndusInd Bank from 2007 to 2019. He has served on the Boards of various companies, including ICICI Bank and Infosys Ltd (Chairman from 2015 to 2017). He was the President of Society of Indian Automobile Manufacturers during 2001-2003 and President of Confederation of Indian Industry during the year 2006-2007.</p>	<p>Mr. Amit Syngle holds a BE – Mechanical degree from Panjab Engineering College and has done MBA from CBM Panjab University. He has been working with Asian Paints for the last 31 years in various capacities across Sales, Marketing, Supply Chain, Business Development, Research & Technology.</p> <p>He joined the Company as a Management Graduate and initially spent eight years in Sales and headed the North and Central parts of the country. He went on to spearhead the Kasna Plant in North India where he ushered new age Manufacturing excellence and big reforms in the IR environment. In 2001 he donned the mantle of General Manager - Marketing and gave the brand Asian Paints a modern, contemporary but yet a very Indian emotional identity. He soon headed the Sales & Marketing for the Decorative Business as Vice President. He became the President in 2012 and was responsible for not only the Sales & Marketing at Asian Paints but also headed the Research & Technology function across the organization where he ushered a huge culture of Innovation, which has seen more than 90 Innovative launches over the last 7 years. He conceptualized and gave wings to diversification in Waterproofing and Chemicals, Adhesives, Wall Papers strengthening the brand in a big way. He held the position of Chief Operating Officer for two years, heading the Indian Decorative business of more than US\$ 2.5 billion. As part of this business, he headed Supply Chain, Sales & Marketing and Research & Technology areas as well. In addition, he also spearheaded the newly acquired businesses of Kitchens and Bath spaces in the Home Improvement venture of Asian Paints. Mr. Amit Syngle has been appointed as the Managing Director & CEO of the Company w.e.f. 1st April, 2020. Post taking over he has propelled the brand from a zone of having 'share of surface' to a 'share of space' in Homes bringing Home décor categories like Furniture, Lighting, Fabrics and furnishing into play.</p> <p>He has been a fast tracker and has been responsible for propelling the Asian Paints brand into a league of its own and has been the principal force for heralding the brand in the home space. He has initiated a lot of new initiatives and innovation platforms to grow the business over the last decade which has catapulted the company into exponential growths over the last 20 years. He is closely associated with colour, decor and design and is the so called 'Gamechanger' for bringing Colour & Retailing into the AP strategy. He is also a member of the Colour Marketing Group (CMG), USA and has been honoured with various awards by the Indian and International Marketing fraternity.</p>
Expertise in specific Functional Areas	Experience in General Management, Leading International Business and Financial understanding.	All functions of the Company including Sales & Marketing, Research & Technology, Strategy, Supply Chain Management, Finance, General Management and other technical skills.
Date of first appointment on the Board	23 rd January, 2017	1 st April, 2020

Name of Director(s)	Mr. R. Seshasayee (DIN: 00047985)	Mr. Amit Syngle (DIN: 07232566)
Shareholding in the Company as on 31st March, 2021	1,496 equity shares of face value of ₹ 1 each (0.00%)	600 equity shares of the face value of ₹ 1 each (0.00%)
Terms and conditions of re-appointment	Independent Director, not liable to retire by rotation	NA
Details of remuneration last drawn (FY 2020-21)	₹ 44,90,000	₹ 10,41,59,592* (*The remuneration paid to Mr. Amit Syngle, Managing Director & CEO, for the financial year 2020-21, excludes ₹ 2.47 crores (Rupees two crores and forty seven lakhs) worth of Stock Options which would be granted in accordance with the 2021 Plan, subject to approval of the shareholders of the Company. The stock options would vest after fulfillment of vesting conditions in accordance with the 2021 Plan.)
Details of proposed remuneration	Sitting fees and Commission as may be approved by the Board of Directors in accordance with applicable provisions of law.	As mentioned in the Notice and explanatory statement, to the extent of variation in the remuneration as approved by the Shareholders of the Company at their Annual General Meeting held on 5 th August, 2020 by inclusion of stock options as per the 2021 Plan.
Inter-se relationships between		
<ul style="list-style-type: none"> • Directors • Key Managerial Personnel 	Not related to any Director or Key Managerial Personnel	Not related to any Director or Key Managerial Personnel
Number of meetings of the Board attended during the financial year 2020-21	7 of 7	7 of 7
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of the Company as on date	<ul style="list-style-type: none"> • Chairman, Stakeholders Relationship Committee • Chairman, Investment Committee • Member, Audit Committee 	<ul style="list-style-type: none"> • Member of Stakeholders Relationship Committee • Member of Corporate Social Responsibility Committee • Member of Risk Management Committee • Member of Shareholders Committee • Member of Investment Committee
Other companies in which he/she is a Director excluding Directorship in Private and Section 8 companies as on 31st March, 2021	Hinduja National Power Corporation Limited	Nil
Chairperson/Membership of the Statutory Committee(s) of Board of Directors of other companies in which he/she is a Director excluding Private and Section 8 companies as on 31st March, 2021	Hinduja National Power Corporation Limited <ul style="list-style-type: none"> • Chairman, Risk Management Committee • Member, Audit Committee 	Nil

INFORMATION AT A GLANCE

Particulars	Details
Day, date and time of AGM	Tuesday, 29 th June, 2021 at 11.00 a.m. IST
Mode	Video conference and other audio-visual means
Participation through Video Conference	https://www.evoting.nsdl.com/
Helpline number for VC participation	1800-1020-990/1800-224-430/(022) 2499 4360/(022) 2499 4553
Final dividend record date	Friday, 11 th June, 2021
Final dividend payment date	On or after Friday, 2 nd July, 2021
Cut-off date for e-Voting	Tuesday, 22 nd June, 2021
E-Voting start time and date	Thursday, 24 th June, 2021 at 9.00 a.m. IST
E-Voting end time and date	Monday, 28 th June, 2021 at 5.00 p.m. IST
E-Voting website of NSDL	www.evoting.nsdl.com
Name, address and contact details of e-Voting service provider	<p>National Securities Depository Limited Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013</p> <p>Mr. Amit Vishal Senior Manager - NSDL</p> <p>Mr. Sagar Ghosalkar Assistant Manager - NSDL</p> <p>Contact Details: Email: amitv@nsdl.co.in sagar.ghosalkar@nsdl.co.in evoting@nsdl.co.in Contact No.: (022) 2499 4360 (022) 2499 4553</p>
Name, address and contact details of Registrar and Transfer Agent	<p>M/s. TSR Darashaw Consultants Private Limited (TSR) C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: (022) 6656 8484 Extn.: 411/412/413 Fax No.: (022) 6656 8494 Toll Free No.: 1800-2100-124 Email: csg-unit@tcplindia.co.in Website: www.tcplindia.co.in</p>

Board's Report

Dear Members,

The Board of Directors are pleased to present the 75th Integrated Annual Report of the Company along with the audited financial statements (standalone and consolidated) for the financial year 2020-21.

FINANCIAL RESULTS

(₹ in crores)

RESULTS FOR THE FINANCIAL YEAR	Standalone			Consolidated		
	2020-21	2019-20	Growth (%)	2020-21	2019-20	Growth (%)
Revenue from Operations	18,516.86	17,194.09	7.7%	21,712.79	20,211.25	7.4%
Earning Before Interest, Taxes, Depreciation and Amortisation	4,859.51	4,214.58	15.3%	5,158.65	4,466.08	15.5%
Less : Finance Costs	71.66	78.38		91.63	102.33	
Less : Depreciation and Amortisation Expense	697.47	689.97		791.27	780.50	
Profit for the period before share of profit in associate	4,090.38	3,446.23	18.7%	4,275.75	3,583.25	19.3%
Share of profit of Associate	-	-		28.60	50.74	
Profit before exceptional items & tax	4,090.38	3,446.23		4,304.35	3,633.99	
Exceptional Items**	-	33.20		-	-	
Profit before Tax	4,090.38	3,413.03	19.8%	4,304.35	3,633.99	18.4%
Less : Tax Expense	1,037.87	759.08		1,097.60	854.85	
Profit for the period from continuing operations	3,052.51	2,653.95	15.0%	3,206.75	2,779.14	15.4%
Profit before tax from discontinued operations	-	-		-	(5.73)	
Tax expense of discontinued operations	-	-		-	(0.78)	
Profit for the period from discontinued operations	-	-		-	(4.95)	
Profit for the period	3,052.51	2,653.95	15.0%	3,206.75	2,774.19	15.6%
Attributable to:						
Shareholders of the company	3,052.51	2,653.95	15.0%	3,139.29	2,705.17	16.0%
Non-Controlling Interest	-	-		67.46	69.02	
Other Comprehensive Income (net of tax)	50.53	50.40		(5.68)	58.31	
Total Comprehensive Income	3,103.04	2,704.35	14.7%	3,201.07	2,832.50	13.0%
Attributable to:						
Shareholders of the company	3,103.04	2,704.35	14.7%	3,143.42	2,755.61	14.1%
Non-Controlling Interest	-	-		57.65	76.89	
Opening balance in Retained Earnings	4,974.64	4,424.53		5,204.64	4,604.60	
Amount available for Appropriation	8,023.17	7,068.66		8,339.68	7,299.35	
Dividend						
Interim - FY 2020-21	321.35	-		321.35	-	
Interim - FY 2019-20	-	1,007.16		-	1,007.16	
Final - FY 2019-20	143.88	-		143.88	-	
Final - FY 2018-19	-	733.79		-	733.79	
Tax on Dividend	-	353.07		-	353.07	
Transfer to General Reserve	-	-		-	-	
Transfer to other Reserve	-	-		0.43	0.69	
Closing balance in Retained Earnings	7,557.94	4,974.64		7,874.02	5,204.64	

**Comprise of impairment provision towards investment made in Sleek International Private Limited & Maxbhumi Developers Limited, wholly owned subsidiary companies of the Company of ₹ 29.7 crores and ₹ 3.5 crores respectively.

COMPANY PERFORMANCE OVERVIEW

During the financial year 2020-21:

- During the financial year 2020-21, revenue from operations on standalone basis increased to ₹ 18,516.86 crores as against ₹ 17,194.09 crores in the previous year - a growth of 7.7%.
- Cost of goods sold as a percentage to revenue from operations decreased to 54.5% as against 55.3% in the previous year.
- Employee cost as a percentage to revenue from operations increased to 6.1% (₹ 1,128.66 crores) as against 5.7% (₹ 985.43 crores) in the previous year.
- Other expense as a percentage to revenue from operations decreased to 15.2% (₹ 2,812.48 crores) as against 16.5% (₹ 2,845.44 crores) in the previous year.
- The Company has contributed approximately a sum of ₹ 10 crores towards COVID-19 pandemic related relief activities.
- The Profit after Tax for the current year is ₹ 3,052.51 crores as against ₹ 2,653.95 crores in the previous year - a growth of 15.0%.
- On a consolidated basis, the group achieved revenue of ₹ 21,712.29 crores as against ₹ 20,211.25 crores - a growth of 7.4%. Net profit after non-controlling interest for the group for the current year is ₹ 3,139.29 crores as against ₹ 2,705.17 crores in the previous year - a growth of 16.0%.

TRANSFER TO RESERVES

During the year under review, there was no amount transferred to any of the reserves by the Company.

DIVIDEND

The Board of Directors at their meeting held on 12th May, 2021, has recommended payment of ₹ 14.50 (Rupees fourteen and paise fifty only) (1450%) per equity share of the face value of ₹ 1 (Rupee one only) each as final dividend for the financial year ended 31st March, 2021. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company.

During the year under review, the Board of Directors of the Company at their meeting held on 22nd October, 2020, declared an Interim dividend of ₹ 3.35 (Rupees three and paise thirty five only) (335%) per equity share of the face value of ₹ 1 (Rupee one only) each. The interim dividend was paid to the shareholders on 12th November, 2020.

The total dividend amount for the financial year 2020-21, including the proposed final dividend, amounts to ₹ 17.85 (Rupees seventeen and paise eighty five only) per equity share of the face value of ₹ 1 (Rupee one only) each

[total dividend payout for the FY 2020-21 amounting to ₹ 1,712.17 crores (Rupees one thousand seven hundred twelve crores and seventeen lakhs only)] as against the total dividend of ₹ 12 (Rupees twelve only) per equity share of the face value of ₹ 1 (Rupee one only) each paid for the previous financial year 2019-20 [total dividend payout for the FY 2019-20 amounting to ₹ 1,151.04 crores (Rupees one thousand one hundred fifty one crores and four lakhs only)].

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is available on the Company's website: <https://www.asianpaints.com/more/investors/policies-programs.html>.

The dividend payout ratio of the Company since last three financial years is more than 50%.

UNCLAIMED DIVIDEND

Pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), during the year, unpaid or unclaimed dividend amounting to ₹ 1.34 crores was transferred by the Company to the Investor Education and Protection Fund ("IEPF"), established by the Government of India.

Further, 1,43,738 shares were transferred to the demat account of the IEPF Authority during the year, in accordance with IEPF Rules, as the dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more.

SUBSIDIARIES & ASSOCIATE COMPANIES

The Company has 23 subsidiaries and 2 joint-venture companies as on 31st March, 2021.

Financial Performance

A list of bodies corporates which are subsidiaries/associates/joint ventures of the Company is provided as part of the notes to Consolidated Financial Statements.

A separate statement containing the salient features of financial statements of subsidiaries, associates, 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 Rules.

The Company does not have any material subsidiary.

Board's Report (Contd.)

Consolidated Financial Statements

In accordance with the provisions of the Act, Regulation 33 of the Listing Regulations and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2020-21, together with the Auditors' Report form part of this Annual Report.

In accordance with Section 136 of the Act, the audited financial statements, including the CFS and related information of the Company and the financial statements of each of the subsidiary companies, are available on our website, www.asianpaints.com. Any Member desirous of making inspection or obtaining copies of the said financial statements may write to the Company Secretary at investor.relations@asianpaints.com.

The Company's Policy for determining material subsidiaries may be accessed on the website of the Company at <https://www.asianpaints.com/more/investors/policies-programs.html>.

Amalgamation of Reno Chemicals Pharmaceuticals & Cosmetics Private Limited with the Company

The Company Petition filed for amalgamation of Reno Chemicals Pharmaceuticals & Cosmetics Private Limited, Company's wholly owned subsidiary with the Company was admitted on 26th April, 2021 by Hon'ble National Company Law Tribunal, Mumbai (NCLT).

The said Petition is listed for final hearing before the Hon'ble NCLT.

Merger of Asian Paints (Lanka) Limited with Causeway Paints Lanka (Private) Limited

With effect from 1st April, 2021, indirect subsidiary of the Company, Asian Paints (Lanka) Limited amalgamated with Causeway Paints Lanka (Private) Limited.

Winding-up of Asian Paints (Tonga) Limited

Asian Paints (Tonga) Limited has ceased its business operations w.e.f. 10th December, 2020 and liquidated all its assets & liabilities. The name of the Company was struck off from the Business Registries Office, Kingdom of Tonga on 29th January, 2021.

ASIAN PAINTS EMPLOYEES' STOCK OPTION PLAN

The Board of Directors of the Company at their meetings held on 30th March, 2021 and 12th May, 2021, based on the recommendations of the Nomination and Remuneration Committee, approved formulation of Asian Paints Employees' Stock Option Plan 2021 ("2021 Plan"), for grant of stock options to 'Eligible Employees' of the Company and its subsidiary companies. This 2021 Plan will be effective from the financial year 2020-21 onwards and is subject to approval of the shareholders at the ensuing AGM of the Company. The 2021 Plan has been introduced for eligible employees of the Company and/or its subsidiary companies with an objective to motivate and retain professionals by

rewarding performance, and in order to further increase shareholder value.

The 2021 Plan is intended to cover Eligible Employees of the Company and its subsidiary companies, including the Managing Director & CEO of the Company. As such, Mr. Amit Syngle, Managing Director & CEO, shall also be eligible to participate in the 2021 Plan.

The appointment and remuneration of Mr. Amit Syngle as the Managing Director & CEO, was approved by the shareholders of the Company in the 74th AGM of the Company held on 5th August, 2020 ("Original Resolution").

It is proposed to amend the Original Resolution to include appropriate clauses enabling the grant of stock options to Mr. Amit Syngle, pursuant to the 2021 Plan.

The brief details of the 2021 Plan and other relevant details have been provided in explanatory statement annexed to the Notice of the ensuing 75th AGM of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

Re-appointment and continuation of Mr. R. Seshasayee as an Independent Director of the Company, not liable to retire by rotation.

At the 71st AGM of the Company held on 27th June, 2017, the shareholders had approved the appointment of Mr. R. Seshasayee (DIN: 00047985) as an Independent Director to hold office for a period of 5 (five) consecutive years up to 22nd January, 2022.

Based on the outcome of performance evaluation and recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company, at their meeting held on 12th May, 2021 have recommended the re-appointment of Mr. R. Seshasayee as an Independent Director for second term of 5 (five) consecutive years upto 22nd January, 2027 (not liable to retire by rotation), in accordance with Section 149, 152, Schedule IV and other applicable provisions, if any, of the Act and the Listing Regulations.

In terms of the provisions of the Regulation 17(1A) of the Listing Regulations, consent of the Shareholders by way of Special Resolution shall be required for continuation of directorship of Mr. R. Seshasayee, Independent Director of the Company, who would attain the prescribed age limit of 75 years during the period of the proposed second term.

In the opinion of the Nomination & Remuneration Committee and Board of Directors of the Company, considering the wealth of experience and expertise of Mr. R. Seshasayee and the immense value he brings to the Board and the Company, the re-appointment of Mr. R. Seshasayee for a second term of 5 (five) consecutive years from 23rd January, 2022 to 22nd January, 2027 (not liable to retire by rotation) and continuation of his directorship beyond 75 (seventy-five) years of age would

be in the interest of the Company and its shareholders. Mr. R. Seshasayee is exempt from the requirement to undertake online proficiency self-assessment test conducted by Indian Institute of Corporate Affairs (IICA), Manesar.

Retirement by rotation and subsequent re-appointment

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Abhay Vakil and Mr. Jigish Choksi, Non-Executive Directors of the Company, are liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

The Managing Director & CEO and Independent Directors of the Company are not liable to retire by rotation.

Declaration from Directors

The Company has received the following declarations from all the Independent Directors confirming that:

1. They meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedule and Rules issued thereunder, and the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company; and
2. They have registered themselves with the Independent Director's Database maintained by the IICA.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Key Managerial Personnel

Mr. Amit Syngle, Managing Director & CEO and Mr. R. J. Jeyamurugan, CFO & Company Secretary, are the Key Managerial Personnel of the Company.

Mr. Amit Syngle was appointed as the Managing Director & CEO of the Company with effect from 1st April, 2020. During the year under review, there were no other changes to the Key Managerial Personnel of the Company.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 7 (seven) meetings of the Board of Directors were held. The details of the meetings of the Board of Directors of the Company held and attended by the Directors during the financial year 2020-21 are given in the Corporate Governance Report which forms part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Act.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company, *inter alia*, provides that the Nomination and Remuneration Committee shall, formulate the criteria for Board membership, including the appropriate mix of Executive & Non-Executive Directors, Board Diversity and approve and 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 the Directors and such other matters as provided under Section 178 of the Act and Listing Regulations.

The salient features of the Nomination and Remuneration Policy of the Company are outlined in the Corporate Governance Report which forms part of this Annual Report. 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 SENIOR MANAGEMENT

The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 read with Schedule II of the Listing Regulations. Further details on the same are given in the Corporate Governance Report which forms part of this Annual Report.

The information required under Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of the Company is set out in the Annexure [A] to this report and is also available on the website of the Company at www.asianpaints.com.

BOARD EVALUATION

During the year under review, the Nomination and Remuneration Committee engaged M/s. Egon Zehnder, external consultants, to conduct evaluation of the Board, Committees of the Board and Directors. The evaluation was conducted based on the criteria and framework adopted by the Board. The evaluation parameters and the process have been explained in the Corporate Governance Report.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All Independent Directors are familiarized with the operations and functioning of the Company. The details of the training and familiarization program are provided in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors of the Company state that:

- a. in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable

Board's Report (Contd.)

- Accounting Standards have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profits of the Company for the financial year ended 31st March, 2021;
 - c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d. the annual accounts have been prepared on a 'going concern' basis;
 - e. proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and operating effectively; 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.

REGISTRAR AND TRANSFER AGENT

M/s. TSR Darashaw Consultants Private Limited (TSR) is the Registrar and Transfer Agent of the Company.

During the year under review, the registered office and place of operation of TSR has been shifted to Vikhroli, Mumbai.

Accordingly, the Company is required to seek shareholders' approval under Section 94 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, for maintenance of the Registers and Indexes of Members of the Company under Section 150 of the Companies Act, 1956 or Section 88 of the Act, as applicable and copies of the returns prepared under Section 159 of the Companies Act, 1956 or Section 92 of the Act, as applicable, read with the Companies (Management and Administration) Rules, 2014 and in accordance with Article 144 of the Articles of Association of the Company, for the period(s) on or after 1st April, 2003, at TSR's office located in Vikhroli, Mumbai.

Appropriate resolution seeking approval of the shareholders has been placed at the ensuing AGM of the Company.

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.

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 ensuing 75th AGM.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants are eligible to be re-appointed for a further term of 5 (five) years, in terms of provisions of Sections 139 and 141 of the Act.

Accordingly, the Board of Directors of the Company at their meeting held on 12th May, 2021 on the recommendation of the Audit Committee and subject to the approval of the shareholders of the Company at the ensuing AGM, have approved the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the Statutory Auditors, for a further period of 5 (five) years i.e. from the conclusion of the 75th AGM till the conclusion of 80th AGM of the Company.

The Company has received written consent and certificate of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Act and Rules issued thereunder, from M/s. Deloitte Haskins & Sells LLP. They have confirmed to hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the Listing Regulations.

The Auditors have issued an unmodified opinion on the Financial Statements, both standalone and consolidated for the financial year ended 31st March, 2021. The said Auditors' Report(s) for the financial year ended 31st March, 2021 on the financial statements of the Company forms part of this Annual Report.

Cost Auditor

The Company has maintained cost records for certain products as specified by the Central Government under sub-section (1) of Section 148 of the Act. M/s. RA & Co., Cost Accountants, (Firm Registration No. 000242) have carried out the cost audit for applicable products during the financial year 2020-21.

The Board of Directors of the Company, on the recommendations made by the Audit Committee, have appointed M/s. RA & Co., as the Cost Auditors of the Company to conduct the audit of cost records of certain products for the financial year 2021-22. M/s. RA & Co., being eligible, have consented to act as the Cost Auditors of the Company for the financial year 2021-22.

The remuneration proposed to be paid to the Cost Auditor, subject to ratification by the members of the Company at the ensuing 75th AGM, would not exceed ₹ 8 lakhs (Rupees eight lakhs only) excluding taxes and out of pocket expenses, if any.

Secretarial Auditor

The Board of Directors of the Company have appointed Dr. K. R. Chandratre, Practising Company Secretary (Certificate of Practice No. 5144), as the Secretarial Auditor to conduct an audit of the secretarial records for the financial year 2021-22. 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, 2022.

The Secretarial Audit Report for the financial year ended 31st March, 2021 under the Act, read with Rules made thereunder and Regulation 24A of the Listing Regulations, is set out in the Annexure [B-1] to this report.

The Secretarial Compliance Report for the financial year ended 31st March, 2021, in relation to compliance of all applicable SEBI Regulations/circulars/guidelines issued thereunder, pursuant to requirement of Regulation 24A of the Listing Regulations, is set out in Annexure [B-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.

COMMITTEES OF THE BOARD

As on 31st March, 2021, the Board has 7 (seven) committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders Relationship Committee, Investment Committee and Shareholders Committee.

During the year under review, the Board of Directors constituted a committee called the Investment Committee, *inter alia*, to consider, evaluate and recommend to the Board viable investment proposals which are in the interest of furthering the strategic goals of the Company.

During the year, all recommendations made by the committees were approved by the Board.

A detailed note on the composition of the Board and its committees, including its terms of reference is provided in the Corporate Governance Report. The composition and terms of reference of all the Committee(s) of the Board of Directors of the Company is in line with the provisions of the Act and Listing Regulations.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the financial year ended 31st March, 2021, the Company incurred CSR Expenditure of ₹ 62.98 crores (Rupees sixty two crores and ninety eight lakhs). 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/about-us.html>.

Ministry of Corporate Affairs vide its Notification(s) dated 22nd January, 2021, notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which, *inter alia*, provides for the revised format of annual report for publishing the CSR activities undertaken during the financial year ended 31st March, 2021. The other changes pursuant to said Notification(s) under the CSR provisions, have been

briefly highlighted in the annual report of the Company's CSR activities for the financial year ended 31st March, 2021.

The Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31st March, 2021, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out in Annexure [C] to this report.

CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY 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 and 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 part of this Annual Report.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2021 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.asianpaints.com/more/investors/AnnualReportFY2021.html>.

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 and the Related Party Framework, formulated and adopted by the Company. An omnibus approval from the Audit Committee is obtained for the related party transactions which are unforeseen in nature. During the year under review, the Related Policy Framework was suitably amended to include the revised pricing structure and certain new transactions which were not anticipated earlier.

All contracts/arrangements/transactions entered into by the Company during the year under review with Related Parties were in the ordinary course of business and on arm's length basis in terms of provisions of the Act.

The Company's Policy on dealing with and Materiality of Related Party Transactions is available on the website of the Company at <https://www.asianpaints.com/more/investors/policies-programs.html>.

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. There were no transactions of the Company with any person or entity belonging to the Promoter(s)/Promoter(s) Group which individually holds 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 43 to the Standalone Financial Statements of the Company.

Board's Report (Contd.)

The Company in terms of Regulation 23 of the Listing Regulations submits within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards to the stock exchanges. The said disclosures can be accessed on the website of the Company at <https://www.asianpaints.com/more/investors/announcements.html>.

Form AOC-2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the Annexure [D] 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, 2021, are set out in Note 36(B) to the Standalone Financial Statements of the Company.

RISK MANAGEMENT

Risk management is integral to your Company's strategy and for the achievement of our long-term goals. Our success as an organization depends on our ability to identify and leverage the opportunities while managing the risks.

The COVID-19 pandemic this year has posed several unprecedented challenges in the form of uncertain lockdowns, unlock phases, health hazards and supply chain disruptions across the globe. These have added a new dimension to the term VUCA (volatile, uncertain, complex and ambiguous).

These changes and challenges have brought a mix of opportunities and uncertainties impacting the Company's objectives. Risk Management, which aims at managing the impact of these uncertainties, is an integral part of the Company's strategy setting process. The Company regularly identifies uncertainties and after assessing them, devises short-term and long-term actions to mitigate any risk which could materially impact your Company's long-term goals. This process of identifying and assessing the risks is a two-way process. Inputs are taken, both bottom up and top down while finalizing the risk treatment plans.

The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits.

Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to Company's Senior Management including, where appropriate, the Managing Director & CEO, the Chief Financial Officer, the Audit Committee, the Risk Management Committee and the Board.

Mitigation plans to significant risks are well integrated with functional and business plans and are reviewed on a regular basis by the senior leadership.

The Company endeavors to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. 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/unpublished price sensitive information other than for legitimate purposes, unethical/unfair actions concerning Company vendors/suppliers, malafide manipulation of Company records, discrimination to the Code of Conduct in an anonymous manner.

The Policy also provides adequate protection to the Directors, 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

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Prevention of Sexual Harassment Act"), the Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace and an Internal Complaints Committees has also been set up to redress any such complaints received.

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

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 2020-21 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 adequate Internal Financial Controls System over financial reporting which ensures that all transactions are authorized, recorded, and reported correctly in a timely manner. The Company's Internal Financial Control over financial reporting is designed to provide reliable financial information and to comply with applicable accounting standards.

The Company has laid down Standard Operating Procedures and policies to guide the operations of the business. Functional heads are responsible to ensure compliance with all laws and regulations and also with the policies and procedures laid down by the Management.

During the year, the Company has updated the delegation of Authority Manual and Commercial Manual to make it in line with the changes in the business environment and underlying systems and processes. The Company has modified the format of the internal certification by functional heads on reporting accuracy (Financial Closure Certificate (FCC)) in line with the changes in accounting and reporting requirements.

The Shared Services Center (SSC) extended the coverage of digital invoice processing for transporters during the year. This has made the process touchless and seamless. Vendor Invoice Process Automation & Transporter Invoice Process Automation has inbuilt 3-way checks (PO, GR/Service Entry & invoice) in the system leading to accuracy and lower manual errors. To increase the digital footprints with added control, employee reimbursement and digital invoices are processed paperless.

The Company has invested in automation of inventory provisions for damaged, dead, defective, inert stock, etc. leading to robust review and faster closure of financial.

The Company has developed system with built in checks to ensure that GST and tax is collected at source correctly for all applicable transactions ensuring statutory compliance. The Company has also completed development to generate E-invoice through the system as per the government regulations.

The Company periodically tracks all amendments to Accounting Standards and makes changes to the underlying systems, processes and financial controls to ensure adherence to the same. All resultant changes to the policy and impact on financials are disclosed after due validation with the statutory auditors and the Audit Committee.

Corporate accounts function is actively involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of accounts.

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. International subsidiaries provide information required for consolidation of accounts in the format prescribed by the Company. The accounts of the subsidiary and joint venture companies are audited and certified by their respective Statutory Auditors for consolidation.

OTHER DISCLOSURES

- a. None of the Directors of the Company have resigned during the year under review;
- b. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2020-21 and the date of this report;
- c. During the year under review, the Company has launched its Home Décor Range in furniture, furnishings and lighting through 'Beautiful Homes'. This was in line with the Company's vision of providing its customers complete home décor solution. There has been no other change in the nature of business carried out by the Company.
- d. 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;
- e. 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;
- f. There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future;

The Competition Commission of India had passed a *prima facie* Order dated 14th January, 2020, directing the Director General (DG) to cause an investigation against the Company, under the provisions of Section 26(1) of the Competition Act, 2002. This Order is for initiating an investigation against the Company under the relevant provisions of the Competition Act, but it in no way affects the going concern status of the Company. The investigation is currently ongoing and the Company is fully co-operating and providing necessary information to the authority.

- g. The Managing Director & CEO of the Company has not received any remuneration or commission from any of the subsidiary companies. Further the Company doesn't have any Holding Company;

Board's Report (Contd.)

- h. None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143(12) of the Act;
- i. 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 [E] to this report;
- j. The Company has formulated Asian Paints Employees Stock Option Plan 2021 (ESOP) for Eligible Director(s) and Employees of the Company and its subsidiaries, which is subject to approval of the shareholders at the ensuing AGM. Hence, the disclosure requirement in relation to ESOP under Rule 12(9) and Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable yet;
- k. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise;
- l. The Company has not issued any sweat equity shares to its directors or employees;
- m. There was no revision of financial statements and Board's Report of the Company during the year under review;
- n. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year is not applicable; and
- o. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

APPRECIATION

The Board of Directors place on record sincere gratitude and appreciation for all the employees 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: 12th May, 2021

Annexure (A) to Board's Report

Statement of disclosure of remuneration

[Pursuant to Section 197 of the Companies Act, 2013 ("the Act") and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. Remuneration details of Directors and KMP of the Company for the financial year 2020-21 is as follows:

Name	Designation	Remuneration (in ₹)	Ratio of Remuneration to the Median Remuneration*	Percentage Increase/Decrease in the Remuneration
Ashwin Dani	Non-Executive Chairman	52,85,000	5.69	22.20
Manish Choksi	Non-Executive Vice Chairman	43,60,000	4.69	30.15
Abhay Vakil	Non-Executive Director	48,30,000	5.20	27.44
Amit Syngle ^{§**}	Managing Director & CEO	10,41,59,592	112.05	NA
Malav Dani	Non-Executive Director	41,30,000	4.44	34.09
Amrita Vakil	Non-Executive Director	39,60,000	4.26	35.15
Jigish Choksi	Non-Executive Director	38,40,000	4.13	32.41
Deepak Satwalekar	Independent Director	42,50,000	4.57	26.87
S. Sivaram	Independent Director	41,30,000	4.44	37.21
M. K. Sharma	Independent Director	48,90,000	5.26	33.24
Vibha Paul Rishi	Independent Director	40,20,000	4.32	38.62
R. Seshasayee	Independent Director	44,90,000	4.83	39.01
Suresh Narayanan	Independent Director	44,90,000	4.83	48.68
Pallavi Shroff	Independent Director	37,50,000	4.03	33.93
R. J. Jeyamurugan ^{***}	CFO & Company Secretary	2,57,77,608	27.73	NA

Notes:

- The aforesaid details are calculated on the basis of remuneration for the financial year 2020-21 and include sitting fees paid to Directors during the financial year.
- The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
- [§] Percentage increase/decrease in remuneration is not reported as Mr. Amit Syngle was appointed as Managing Director & CEO of the Company with effect from 1st April, 2020. Remuneration excludes Performance based incentive of ₹ 1,80,00,000 (Rupees one crore and eighty lakhs) paid for previous financial years.
- ^{**} The remuneration paid to Mr. Amit Syngle, Managing Director & CEO, for the financial year 2020-21, excludes ₹ 2.47 crores (Rupees two crores and forty seven lakhs) worth of Stock Options which would be granted in accordance with the 2021 ESOP Plan, subject to approval of the shareholders of the Company. The stock options would vest after fulfillment of vesting conditions in accordance with the 2021 Plan.
- ^{***} The remuneration paid to Mr. R. J. Jeyamurugan, in his capacity as CFO & Company Secretary, for the financial year 2019-20 was for part of the year. Accordingly, the percentage increase/decrease in their remuneration is not reported. Remuneration excludes an amount of ₹ 15,00,000 (Rupees fifteen lakhs) towards deferred incentive paid for the financial year 2017-18.
- * The median remuneration of all employees per annum was ₹ 9,29,613.50 (Rupees nine lakhs twenty nine thousand six hundred and thirteen and paise fifty) and ₹ 8,95,096 (Rupees eight lakhs ninety five thousand and ninety six), for the financial year 2020-21 and 2019-20, respectively. The increase in median remuneration of employees for the financial year 2020-21, as compared to financial year 2019-20, is 3.86%.
- The increase in average salary of employees (other than Key Managerial Personnel) for the financial year 2020-21, as compared to financial year 2019-20, is 11.93% (including performance incentive).
- 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.

Annexure (A) to Board's Report (Contd.)

- B. Number of permanent employees on rolls of the Company as on 31st March, 2021:

	No. of employees
Executive/Manager cadre	1,211
Staff	4,257
Operators/Workmen	1,666
Total	7,134

- C. It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Nomination and Remuneration Policy of the Company.
- D. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available on the website of the Company at <https://www.asianpaints.com/more/investors/AnnualReportFY2021.html>.

Annexure (B-1) to Board's Report

Secretarial Audit Report for the Financial Year ended 31st March, 2021

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2021 ('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, 2021 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) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('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, 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, 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.
 - (f) The Drugs and Cosmetics Act, 1940.
 - (g) The Legal Metrology Act, 2009 and rules and regulations thereunder.

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

Annexure (B-1) to Board's Report (Contd.)

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

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

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

All decisions at 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 :

The Board of Directors of the Company at its meeting held on 22nd January, 2020, approved the Scheme of amalgamation of Reno Chemicals Pharmaceuticals & Cosmetics Private Limited ("Transferor Company"), wholly owned subsidiary of the Company with Asian Paints Limited ("Transferee Company") in accordance with the provisions of sections 230 to 232 of the Companies Act, 2013 and other applicable provisions and laws, subject to necessary statutory and regulatory approvals, including approval of the Hon'ble National Company Law Tribunal, Mumbai (NCLT). The matter was heard by the Hon'ble NCLT and along with other procedural orders, dispensed with the meetings of the equity shareholders and creditors of the Transferee Company. Consequently, the petition filed by the Company with Hon'ble NCLT was admitted on 26th April, 2021. The aforesaid petition is fixed for final hearing before the Hon'ble NCLT on 13th May, 2021.

Dr. K. R. Chandratre

FCS No.: 1370, C. P. No.: 5144

UDIN: F001370C000284246

Place: Pune

Date: 12th May, 2021

Peer Review Certificate No. : 463/2016

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

Annexure to the Secretarial Audit Report

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Dr. K. R. Chandratre

FCS No.: 1370, C. P. No.: 5144

UDIN: F001370C000284246

Place: Pune

Date: 12th May, 2021

Peer Review Certificate No. : 463/2016

Annexure (B-2) to Board's Report

Secretarial compliance report for the Financial Year ended 31st March, 2021

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, 2021 ("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 Listed Entity 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 Listed Entity during the Review Period);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Listed Entity during the Review Period);
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Listed Entity during the Review Period);

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

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

and clause 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by the Securities and Exchange Board of India on "Resignation of statutory auditors from listed entities and their material subsidiaries";

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 listed entity/ its promoters/directors/material subsidiaries 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.

Dr. K. R. Chandratre

FCS No.: 1370, C. P. No.: 5144
UDIN: F001370C000284356

Place: Pune

Date: 12th May, 2021

Peer Review Certificate No. : 463/2016

Annexure (C) to Board's Report

Annual Report on Corporate Social Responsibility (CSR) activities

(Pursuant to Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 [Including any statutory modification(s) or re-enactment(s) for the time being in force])

1. Brief Outline of CSR Policy

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of (i) promoting education, including special education & livelihood projects (ii) creating employability & enhancing the dignity of the painter community (iii) enabling access to quality primary health care services (iv) focus on water conservation, replenishment and recharge and (v) Disaster relief measures. In view of the pandemic during the year, virtual interventions were introduced especially in case of employee volunteering programmes and Skill Development initiatives.

The Company's employee volunteering approach is to promote ownership among the employees rather than mere participation. Employee volunteering teams are made keeping in mind parameters of empathy, expertise, time, effort, and impact. Additionally, activities are also mapped out in terms of the intensity of engagement. For instance, one-time contributions are required for programmes, such as Card & Kit, donation drives, Free rice quiz, among others. Whereas interventions, such as mentoring and social security schemes for financial inclusions, Naya Savera, Pro-bono volunteering, audiobook recordings require more regular and involved participation.

Due to the lockdown, the Company introduced virtual employee volunteering programmes.

Some of the programmes where employees volunteered during the year are as follows:

- Distribution of ration kits and masks during lockdown.
- Gift-A-Card - Spread Happiness: A virtual volunteering initiative intended to benefit Sex traffic survivors. The Company's employees across the locations volunteered to prepare handmade greeting cards.
- Audiobook recording for visually impaired children.
- Free Rice - Participating in a free, online quiz game with multiple choice questions where the more one plays, the more quantity of free rice is donated to families in need. This program is supported by UN Food Program.

Disaster Relief

In continuation of the Company's commitment towards COVID-19 pandemic related relief activities, the

Company has contributed during the FY 2020-21 an amount of ₹ 10 crores approximately to various State Disaster Management authorities and NGOs for helping the community with health care facilities & various other essentials.

A brief overview of the projects undertaken during the year is as follows:

Education

The Company's education programmes are designed to improve learning outcomes through digitisation of schooling experience. It includes supporting the basic infrastructure ecosystem to enable quality education by adopting the schools, capacity building of teachers and skill development of the students. Some of the initiatives undertaken for the cause include the Scholarship programme for deserving students in senior classes, Gyan Shakti programme for school adoption, Naya Savera, Project Udaan for enhancing employability and TABLAB for digital literacy through learning management systems.

Skill Development

Skill building is a powerful tool to empower individuals and drive the financial growth and community development of a nation. Our aim with this endeavour is to invest in inclusive growth and believe that everyone should be given a fair chance at a dignified life. We are committed to enhancing the technical knowledge of the individuals with an inherent predilection for the work, so that it increases their productivity & livelihood which would result in them garner recognition and respect in the community. Our training programmes cover a multitude of subjects, such as designer finishes, emulsions, metal care, mechanization, waterproofing, wood finishes and wallpaper installation. This helps painters connect with lucrative professional opportunities in the industry. Our Colour Academies are equipped with contemporary facilities to provide hands-on experience to the participants.

During the year, we initiated digital training through video conferencing mode, to ensure that there is no risk through travel and contact of people. Also, a module of financial literacy has been introduced for the painters to help them understand the art of budgeting, managing contingencies, applicable insurance schemes, government schemes, etc.

In the current situation of COVID-19, there is an immediate and recurring need for sanitization to maintain hygiene for both residential and business setups. Accordingly, during the year, the course covering

aspects on benefits of sanitization and how to take up sanitization at the sites had been introduced.

Healthcare & Hygiene

Our health and hygiene initiatives started with a need to provide basic access to primary healthcare services to the community around. We started with Mobile Medical Units (MMU), health camps and subsequently scaled these projects up in different manufacturing locations in the form of more MMUs, static clinics and localised health initiatives. For each of these programmes we identify partners who have the potential to replicate and scale up the projects to bring uniformity and at the same time cater to the local health needs.

The Company's health & hygiene initiatives are carried out in partnership with the support received from the on-ground health workers including the Accredited Social Health Activist, Anganwadi workers and Auxillary Nurse-Midwives or the triple As (AAAs) of community health. They are referred to as the backbone of the healthcare system in India. The Company now intends to further bolster the relationship with the triple As in order to drive efficiencies in health care initiatives in the last mile.

- i. Auxiliary Nurse-Midwife (ANM), based at a sub-center and visits villages in addition to providing care at the subcenter.
- ii. Anganwadi Worker (AWW), who works solely in her village and focuses on provision of food supplements to young children, adolescent girls, and lactating women.
- iii. Accredited Social Health Activist (ASHA), who also works solely in her village. ASHA workers focus on promotion of maternal health, including immunizations and institutional-based deliveries, for which they receive a performance-related fee.

Further, we also focus on raising awareness on government schemes and referrals for advanced treatment to aid the uninformed.

Under the health and hygiene programme, we are, *inter alia*, running the following projects:

- **Static clinics:**
We have established 5 static clinics near our manufacturing locations (Mysuru, Patancheru, Kasna, Khandala and Vizag), in association with Piramal Swasthya. The static clinics provide diagnosis and treatment for various non-communicable diseases (majorly hypertension and diabetics), RMNCH+A (Reproductive, maternal, neonatal, child health and adolescence), and general OPD ailments.
- **Mobile Medical Units (MMUs):**
We have been running 8 MMUs across 124 villages spread across 8 states. Our MMUs provide consultations, free medicines, basic diagnostics, referrals to government hospitals, among others. These units also conduct awareness and quiz sessions on health in the community.
- **Safar:**
Safar, one of our healthcare initiatives, is directed towards improving health awareness and medical care facilities among truck drivers.

Water Conservation

The Company has drafted a water vision for itself with an intention to making all our communities around our manufacturing locations, water secure. The Company is engaged with helping communities around our manufacturing locations to conserve water by developing integrated watershed management, Water ATMs and Rainwater Harvesting in schools.

Some of the interventions undertaken are as follows:

- Installing rooftop rainwater harvesting units and recharge systems in villages and schools;
- Influencing irrigation practices and awareness on conservation of water in the farmer community;
- Recycling and reusing waste-water;
- Identifying water bodies near our locations that need rejuvenating;
- Construction activities to increase capacity for surface water storage; and
- Desilting of surrounding lakes and ponds.

Annexure (C) to Board's Report (Contd.)

2. Composition of CSR Committee

Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Malav Dani	Chairman/Non-Executive Non-Independent Director	4	4
Vibha Paul Rishi	Member/Independent Director	4	4
Amrita Vakil	Member/Non-Executive Non-Independent Director	4	4
Deepak Satwalekar*	Member/Independent Director	4	3
Amit Syngle	Member/Managing Director & CEO	4	4

* Appointed as Member of the Committee w.e.f. 7th September, 2020.

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company - <https://www.asianpaints.com/about-us.html>
- Provide the details of Impact assessment of CSR projects carried out in pursuance of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - **Not Applicable**
- Details of the amount available for set off in pursuance of Rule 7(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **Not Applicable**
- Average Net Profit of the Company as per Section 135(5) of the Companies Act, 2013 - ₹ **3,147.70 Crores**

Sr. No.	Particulars	Amount (in ₹ crores)
(a)	Two percent of average net profit of the company as per Section 135(5) of the Companies Act, 2013 -	62.95
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years -	-
(c)	Amount required to be set off for the financial year, if any -	-
(d)	Total CSR obligation for the financial year (7a+7b-7c) -	62.95

- (a) CSR amount spent or unspent for the financial year:

Total amount spent for the Financial Year (in ₹ crores)	Amount Unspent				
	Total amount transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Companies Act, 2013		
	Amount (in ₹ crores)	Date of transfer	Name of the Fund	Amount (in ₹ crores)	Date of transfer
48.20	14.78	30 th April, 2021	-	-	-

(b) Details of CSR amount spent against **ongoing** projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (in ₹ crores)	Amount spent in the current financial year (in ₹ crores)	Amount transferred to unspent CSR account for the project (in ₹ crores)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementation agency	
				State	District						Name	CSR Registration number
1.	Primary healthcare support through static clinics and mobile medical units	Health & Hygiene	Yes	Telangana, Karnataka, Uttar Pradesh, Maharashtra, Andhra Pradesh	Patancheru, Mysore, Kasna, Satara (Khandala), Visakhapatnam	3 years	7.18	1.89	5.28	No	Piramal Swasthya Management and Research Institute	CSR00000217
2.	SAFAR - ongoing programme to improve health and awareness among truck drivers	Health & Hygiene	Yes	Haryana, Telangana, Uttar Pradesh, Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu	Rohtak, Patancheru, Kasna, Satara, Visakhapatnam, Mysuru, Sriperumbedur	3 years	4.23	1.23	3.00	No	Child Survival India	CSR00000694
3.	Set up of new Colour Academies for Skilling and Vocational Training	Vocational Training Program	Yes	Karnataka, Assam, Uttarakhand, Maharashtra, Madhya Pradesh, Tamil Nadu, Bihar, Jammu and Kashmir, Odisha, Gujarat, Uttar Pradesh, Kerala, Andhra Pradesh, Chhattisgarh, Chandigarh, Puducherry, Jharkhand, Rajasthan	Mysore, Guwahati, Dehradun, Nagpur, Indore, Coimbatore, Patna, Nashik, Srinagar, Hubli-Dharwad, Salem, Bhubneswar, Surat, Agra, Thiruvananthapuram, Vijayawada, Meerut, Vasai-Virar, Raipur, Chandigarh, Puducherry, Kolhapur, Bhopal, Varanasi, Jamshedpur, Jodhpur, Ranchi	3 years	6.50	-	6.50	Yes	-	-
Total							17.91	3.12	14.78			

Annexure (C) to Board's Report (Contd.)

(c) Details of CSR amount spent **other than ongoing** projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ crores)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementation agency	
				State	District			Name	CSR Registration number
1.	<ul style="list-style-type: none"> School adoption and infrastructural development Capacity development of teachers and children through digital literacy and behavioural skills training Development programme for school dropouts Providing education to enhance employability skill Granting scholarships for higher education etc. 	Education	Yes	Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, Delhi, West Bengal	Atchutapuram, Visakhapatnam, Anklshwar, Bharuch, Rohtak, Mysore, Bengaluru, Nanjangud, Satara, Mumbai, Cuddalore, Kasna, Gautam Buddha Nagar, Delhi, Sangareddy, Kolkata, Patancheru	1.02	Direct and through implementing agency	<ul style="list-style-type: none"> Anklshwar Industrial Development Society Head Held High Foundation Learning Links Foundation Pratham Education Foundation Tamarind Tree School Digitization (TTSD) NIIT Foundation 	<ul style="list-style-type: none"> CSR00003724 CSR00000919 CSR00000640 CSR00000258 Not available for TTSD CSR00000621
2.	<ul style="list-style-type: none"> Providing primary healthcare support through static clinics and mobile medical units and free medical camps for rural communities Providing aid to differently abled people Implementing sanitation projects Running awareness programmes for communities on health and hygiene Providing access to potable water Contribution to Hospitals and distribution of masks 	Health & Hygiene	Yes	Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh	Atchutapuram, Visakhapatnam, Anklshwar, Bharuch, Rohtak, Mysore, Nanjangud, Satara, Mumbai, Cuddalore, Tiruvallur, Sriperumbudur, Kanchipuram, Patancheru, Medak, Kasna, Gautam Buddha Nagar	1.88	Direct and through implementing agency	<ul style="list-style-type: none"> Anklshwar Industrial Development Society Helpage India Hand in Hand Child Survival India 	<ul style="list-style-type: none"> CSR00003724 CSR00000901 CSR00001853 CSR00000694

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ crores)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementation agency	
				State	District			Name	CSR Registration number
3.	• Disaster Management- Contribution to various State Disaster Management Authorities & Implementing Agencies against pandemic	Disaster Management	Yes	Odisha, Andhra Pradesh, Himachal Pradesh, Uttar Pradesh, Karnataka, Maharashtra, Gujarat, Tamil Nadu	Satara, Kasna, Gautam Buddha Nagar, Patancheru, Sangareddy, Sriperumbudur, Kanchipuram, Ankleshwar, Bharuch, Atchutapuram, Visakhapatnam, Mysore, Nanjangud, Cuddalore, Tiruvallur, Gautam Budh Nagar	9.86	Through implementing agency	<ul style="list-style-type: none"> Odisha State Disaster Management Authority (OSDMA) Karnataka State Disaster Management Authority (KSDMA) Andhra Pradesh State Disaster Management Authority (ASDMA) Vidya Foundation (VF) Venture Center (VC) Vanarai Dhan Foundation HI-Tech Horticulture Society (HTHS) Whispering Wishes Foundation Federation of Indian Chamber of Commerce (FICC) Kakaba and Kala Budh Public Charitable Trust Helpage India Piramal Swasthya Management and Research Institute 	<ul style="list-style-type: none"> Not available for OSDMA Not available for KSDMA Not available for ASDMA Not available for VF Not available for VC CSR00001205 CSR00000273 Not available for HTHS CSR00001296 Not available for FICC CSR00003497 CSR00000901 CSR00000217
4.	• Promoting integrated watershed development in areas around our manufacturing locations including desilting lakes and installing & maintaining rooftop rainwater harvesting units and recharge systems in villages and schools	Water	Yes	Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh	Atchutapuram, Visakhapatnam, Ankleshwar, Rohtak, Mysore, Nanjangud, Satara, Cuddalore, Tiruvallur, Sriperumbudur, Kanchipuram, Patancheru, Medak, Kasna, Gautam Buddha Nagar	3.76	Direct and through implementing agency	<ul style="list-style-type: none"> Aga Khan Rural Support Ambuja Cement Foundation (ACF) Development of Humane Action Foundation Forum for Organised Resource Conservation & Enhancement (FORCE) Hand in Hand India National Agro Foundation Sevalaya Vanarai 	<ul style="list-style-type: none"> CSR00004229 Not available for ACF CSR00000273 CSR00000037 CSR00001853 CSR00000610 CSR00000863 CSR00001205

Annexure (C) to Board's Report (Contd.)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ crores)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementation agency	
				State	District			Name	CSR Registration number
5.	<ul style="list-style-type: none"> • Skilling and vocational training • Technical knowledge distribution • Productivity and livelihood enhancement for dignified living 	Vocational Training Programme	Yes	Assam, Chandigarh, Delhi, Gujrat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Guwahati, Chandigarh, Delhi, Ahmedabad, Solan, Bengaluru, Cochin, Kozhikode, Jabalpur, Bhopal, Mumbai, Nagpur, Aurangabad, Pune, Vizag, Bhubaneshwar, Bhathinda, Ludhiana, Jaipur, Chennai, Viluppuram, Madurai, Hyderabad, Lucknow, Varanasi, Kanpur, Ghaziabad, Gorakhpur, Agra, Dehradun, Nainital, Kolkata, Hooghly, Burdwan, Una	25.40	Direct	-	-
Total						41.92			

- (d) Amount spent in Administrative Overheads: ₹ 3.15 crores
- (e) Amount spent on Impact Assessment, if applicable: -
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e)**: ₹ 62.98 crores
- (g) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (in ₹ crores)
(i)	Two percent of average net profit of the company as per Section 135(5) of the Companies Act, 2013	62.95
(ii)	Total amount spent for the Financial Year**	62.98
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.03

Note: ** Includes an amount of ₹ 14.78 crores earmarked for ongoing projects transferred to Unspent CSR Account in terms of Section 135(6) of the Companies Act, 2013, for the Financial Year 2020-21.

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details): **Not Applicable**
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013: **Not Applicable**

For and on behalf of the CSR Committee

Malav Dani
Chairman
CSR Committee
(DIN: 01184336)

Amit Syngle
Managing Director & CEO
(DIN: 07232566)

Place: Mumbai
Date: 12th May, 2021

Annexure (D) 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

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

-
- | | | |
|----|--|----|
| a. | Name(s) of the related party and nature of relationship | |
| 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 | NA |
| 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 | |
-

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

-
- | | | |
|----|--|----|
| a. | Name(s) of the related party and nature of relationship | |
| 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 | NA |
| 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 : 12th May, 2021

Annexure (E) to Board's Report

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

[Pursuant to Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014]

CONSERVATION OF ENERGY

The manufacturing units of the Company have continued their efforts to reduce their energy consumption year on year.

Some of the key measures undertaken by the manufacturing plants are as below:

A. Energy Conservative Measure Taken

- Heat Pump to reduce fuel/power consumption in process water heating.
- Alternate Fuel-Use of Natural Gas/LNG instead of High-Speed Diesel.
- Highly efficient cowl discs for Twin Shaft Dispensers in the paint processing.
- High grade E-Glass epoxy energy efficient fan in Cooling tower for energy reduction.
- Use of smart wireless controller in AC for reducing power consumption.
- Programmable Logic Controller installation for optimization of the Air compressor running hours.
- Reusage of exhaust air of Air Operated Diaphragm pump.
- Waste heat recovery system for Air Compressors.
- Elimination of compressed air in packing for vacuum application through Central Vacuum system.
- Use of Energy efficient motors for all new projects.
- Pressure based pumping system for utility pumping.
- Process optimization for the Twin Shaft Dispensers operation to reduce cycle time by data analytics.
- Elimination of idle running of Air Handling Unit for energy reduction.
- Powder conveying rate achieved through optimization and continuous improvement.
- Use of Energy Efficient aluminum Air piping solution to reduce friction losses.
- LED lighting for all plants.
- Use of motion sensors & presence sensor in cabins, Light Dependent Resistor in streetlights.
- Condensate recovery system in Steam systems.
- Sharing of best practices at each plant started for easy replication of applicable ideas.

B. Utilizing Alternate Sources of Energy

Solar energy:

The Company had setup following rooftop solar projects during the financial year 2020-21:

- 0.15 MWp- At Patancheru, Telangana Plant
- 0.5 MWp- At Taloja, Maharashtra Plant

The Company invested in its first Ground Mounted Solar (Utility Solar) in Haryana, a 6 MWp project for Rohtak Plant which was commissioned during the financial year 2019-20. Plant has started generation of power and more than 30 lakh of solar units utilized at our Rohtak Plant in FY 2020-21.

With the commissioning of the above projects, the total installed solar energy capacity in our plants will now be 20.5 MWp. During the financial year 2020-21, the solar projects have generated about 158 lakh units which is about 21% of electricity consumption across all decorative paint plants.

Wind Energy:

4.2 MW of Wind Turbine Generators (WTG) is under commissioning at Andhra Pradesh for Vizag Plant (2.1 MW x 2). With the commissioning of the above projects, total installed wind energy capacity is now 24.3 MW.

During the financial year 2020-21, the Company has used about 268 lakh units, generated from all Wind Turbines, which is about 36% of electricity consumption across all decorative paint plants. The solar and windmill installations have helped the Company to end the year 2020-21 at Renewable Energy consumption of about 57% across all decorative paint plants.

C. The Capital Investment on Energy Conservation Equipment

The Company has spent about ₹ 3 crores as capital investment on energy conservation initiatives during the financial year apart from the investment in Renewable Energy resources of solar and wind.

TECHNOLOGY ABSORPTION

A. The efforts made by the Company towards technology absorption

The focus of Research & Technology (R&T) function continues to be developing new technology platform, new chemistries for futuristic product development to launch innovative products in the market. R&T also continued to build product pipeline to maintain innovation quotient and technological edge in the

market. R&T also focused on enhancement of process parameters to supply consistent quality to the market and reduce customer complaints.

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 revolutionary products that improve health and hygiene of the surfaces and sets benchmark.
- Offering products under the Do-It-Yourself (DIY) category so that customers can paint on their own in case painters/applicators are not available.
- 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, alternate/new raw material search, new and efficient 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, waste generation and by increasing raw material content of renewable origin in the product.
- Building a sustainable idea and prototype pipeline for the Company and develop new capability platforms and intellectual property rights 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 data analytics and artificial intelligence to predict design features, derive new insights and opportunities for innovation.
- Process engineering research to explore novel processes for binder synthesis which are operationally efficient in terms of energy consumption, cycle time, productivity, and safety.
- Application research and substrate studies 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 players.
- Support technical capability building across organization by creating a training academy - Sikshalaya and conducting in-house workshops, seminars, technical training, etc.
- Engaging with regulatory bodies like Bureau of Indian Standards (BIS) in creating, reviewing and adopting national standards.

The Company has put more focus in terms of developing capabilities to carry out advanced analytical research to support emulsion, resin, and product development. Research and Technology Center continued to be accredited by National Accreditation Board for Testing and Calibration Laboratories accreditation for 36 test methods that includes estimation of lead in paints and coatings.

The Company continued to focus on implementing new processing techniques that offer economies of scale with cycle time reduction and better sustainability.

Over the years, the Company has progressively worked on creating intellectual property (IP) rights and has commercialized good number of IPs. Till date, the Company has filed 76 patents in India out of which 22 patents have been granted. Three of them are granted from foreign countries.

The Company is now expanding its innovation footprint by participating in national and international technology competitions. During this year, 4 papers were published in International journals and 2 papers were published in National Journals.

- B. The benefits derived like product improvement, cost reduction, product development or import substitution: 48 (Forty-Eight) new products/variants were developed for architectural paints, construction chemicals and

Annexure (E) to Board's Report (Contd.)

adhesives during the financial year 2020-21. 21 (Twenty-one) new products developed for Industrial business during financial year 2020-21. Some highlights include:

- a) "TruGrip Dynamo", a best-in-class wood adhesive based on patented technology confirming to EN204: D3 specification.
- b) "Apolite All Protek Matt & Shyne", a revolutionary emulsion paint which offers flame spread resistance along with décor and easy stain removal performance.
- c) "Viroprotek" range of sanitizer and disinfectants.
- d) "Protek Crysta Lite", a unique patented clear coating for glass facades which resist UV light with dirt pick up resistance.
- e) "Damp Prime Ultra", a waterproofing basecoat for vertical surface with superior opacity and whiteness.
- f) "Ultra block 2k", a superior 2k cementitious coating with excellent bonding, water proofing properties and resistance to hydrostatic pressure.
- g) "Wood Tech Ingenio PU", a fast-drying super luxury Polyurethane with exceptional Weather resistance for wooden surfaces with cutting edge technology.
- h) "PU Suprema", a fast-drying economy Polyurethane designed for Furniture Manufacturers for the application on doors based on solid wood and veneer.
- i) "Marveloplast EZY MS", a sprayable plaster for interior wall surface.
- j) "EZY CR8 Frost & Crackle Finish" easy to use products in Aerosol packs for DIY segment.
- k) "EZY CR8 Terrace Water Proofing" unique water-based product in DIY segment for terrace water proofing.
- l) "EZY CR8 Health Shield Single Coat" is a water emulsion paint with Silver Ion technology which

provides excellent anti-bacterial and air purifying performance. Combined with unique application tool, it provides One Coat Hide, superior flow levelling and a luxurious sheen finish.

- m) "Apcothane 150 DTM", a 2K Polyurethane DTM coating for the Pre-engineered Building (PEB) segment.
- n) "Apcoguard SF 157", a 2k solvent free epoxy potable water coating certified from NSF, UK.

The Company continued the initiatives under breakthrough methodology by taking up new project 'Ajna'. The outcome of this initiative has helped the Company to develop 4 new products to service glass coating segment, interior coating with fire retardant properties, wood adhesive with no bubble performance and gypsum plaster category. The Company's focus on reducing carbon footprint through design optimization and process efficiency with no compromise in performance properties continues.

- 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:

Particulars	₹ in Crores	
	2020-21	2019-20
Capital	1.60	3.46
Recurring	80.99	83.63
Total	82.59	87.09

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earned in terms of actual inflows during the financial year 2020-21 was ₹ 118.85 crores (equivalent value of various currencies).

Foreign exchange outgo in terms of actual outflows during the financial year 2020-21 was ₹ 2,087.55 crores (equivalent value of various currencies).

Report on Corporate Governance

ASIAN PAINTS' PHILOSOPHY ON CORPORATE GOVERNANCE

Asian Paints believes that Corporate Governance is the cornerstone for fostering a state-of-the-art and future ready organisation guaranteeing extra-ordinary and sustainable growth. As per the Asian Paints Charter co-created by the employees, which sets out the purpose of the organisation and adopts the value system comprising of standing for each other's success, creative zeal, scientific rigour, audacity, integrity and customer passion form the platform that enables ours' as well as our stakeholders' successes. The sound governance systems and processes in place are empowering co-creation and partnerships while an unwavering focus on sustainability and safety is what makes us a truly responsible enterprise.

Asian Paints not only adheres to the prescribed Corporate Governance practices as per the Listing Regulations but is also committed to sound Corporate Governance principles and practices. It constantly strives to adopt emerging best practices being followed worldwide.

In recognition of its governance practices, the Company was, second time in a row, conferred upon the 'Golden Peacock Award for Excellence in Corporate Governance - 2020', by the Institute of Directors.

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the report contains the details of Corporate Governance systems and processes at Asian Paints Limited. There are no non-compliances of any requirements of Corporate Governance Report, as per sub-paras (2) to (10) of Schedule V Part C of the Listing Regulations.

GOVERNANCE STRUCTURE AND DEFINED ROLE AND RESPONSIBILITIES

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

BOARD

The Board of Directors have the responsibility of ensuring effective management, long term business strategy, general affairs, performance and monitoring the effectiveness of the Company's corporate governance practices. The Managing Director & CEO reports to the Board and is in charge of the management of the affairs of the Company, executing business strategy in consultation with the Board and achieving annual and long term business goals.

Composition of the Board

The Company believes in a well-balanced and diverse Board which enriches discussions and enables effective decision making. The Board has an optimal mix of Executive and

Non-Executive Directors, comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ("the Act") and Listing Regulations. The Board of the Company is diverse in terms of qualification, competence, skills and expertise which enables it to ensure long term value creation for all the stakeholders.

The composition and size of the Board is reviewed periodically to ensure an optimum mix of Directors with complementary skillsets and varied perspectives for constructive discussions facilitating more effective decision making. The Company understands that sound succession planning for the members of the Board and Senior Management is essential for sustained growth of the Company.

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 Act read with the Rules issued thereunder.

Board Procedures and flow of information

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. During the financial year 2020-21, all meetings of the Board were held through video conference in accordance with the provisions of law.

In order to facilitate effective discussions at the virtual meetings, the agenda is bifurcated into items requiring approval and items which are to be taken note of the Board. Clarification/queries, if any, on the items which are to be noted/taken on record by the Board are sought and resolved before the meeting itself. This ensures focused and effective discussions at the meetings.

The Board has adopted a 'safety-first' approach for all its discussions and deliberations. All meetings of the Board begin with an elaborate discussion on the Health and Safety initiatives of the Company which are then followed by review of the performance of the Company, review of financial results, industrial relations, Board succession planning, Strategic planning, governance and regulatory matters, declaration of dividend and such other matters as required under the Act, Listing Regulations and other applicable legislations.

Report on Corporate Governance (Contd.)

The details of attendance of Directors at Board Meetings through video conference during the financial year 2020-21 and at the Annual General Meeting (AGM) of the Company are as reproduced below:

Name of the Director(s) & Director Identification Number (DIN)	1	2	3	4	5	6	7	% of meeting attended during the year
	23 rd June, 2020	24 th July, 2020	7 th September, 2020	22 nd October, 2020	21 st January, 2021	12 th February, 2021	30 th March, 2021	
Ashwin Dani (00009126)								100
Manish Choksi (00026496)								100
Abhay Vakil (00009151)								100
Amit Syngle (07232566)								100
Malav Dani (01184336)								100
Amrita Vakil (00170725)								100
Jigish Choksi (08093304)								100
Deepak Satwalekar (00009627)								100
S. Sivaram (00009900)								100
M. K. Sharma (00327684)								100
Vibha Paul Rishi (05180796)								100
R. Seshasayee (00047985)								100
Suresh Narayanan (07246738)								100
Pallavi Shroff (00013580)		Absent			Absent	Absent		57*

Present through video-conference

* Rounded off to the nearest whole digit

Note:

The last AGM held through Video Conference (VC)/Other Audio Video Means (OAVM) on 5th August, 2020, was attended by all members of the Board.

Flow of information to the Board

The Board has complete access to all Company-related information. The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Chairman of the Board and the Company Secretary in consensus determine the Agenda for every meeting along with explanatory notes in consultation with the Managing Director & CEO. 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 Agenda and other Board papers and reduce paper consumption, the Company circulates to its Directors, notes for Board/Committee meetings through a web-based application which can be accessed by the Directors through their hand-held devices, browsers and iPads. This application meets high standards of security that are required for storage and transmission of Board/Committee Agenda papers.

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 management makes concerted efforts to continuously upgrade the information available to the Board for decision making and the Board members are updated on all key developments relating to the Company.

With the unanimous consent of the Board, all information which is in the nature of Unpublished Price Sensitive Information (UPSI), is circulated to the Board and its Committees at a shorter notice before the commencement of the respective meetings on a secure platform.

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 Act 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 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 Act, Listing Regulations 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 2020-21, 3 (three) separate meetings of the Independent Directors were held on 8th June, 2020, 22nd October, 2020 and 22nd March, 2021.

The Independent Directors, *inter alia*, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Independent Directors and with the Chairman, and rest of the Board.

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

Except for the sitting fees and commission payable to the Non-Executive Directors annually in accordance with the applicable laws and with the approval of the shareholders, there is no pecuniary or business relationship between the Non-Executive Directors and the Company.

Mrs. Pallavi Shroff, Independent Director of the Company, is the Joint-Managing Partner of M/s. Shardul Amarchand Mangaldas & Co., Solicitors & Advocates, which renders professional services to the Company. The quantum of fees paid to M/s. Shardul Amarchand Mangaldas & Co.

is an insignificant portion of their total revenue, thus, M/s. Shardul Amarchand Mangaldas & Co., is not to be construed to have any material association with the Company.

Board Membership

The Company believes that a diverse skill set is required to avoid group thinking and to arrive at balanced decisions. The Nomination and Remuneration Committee is primarily responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director. It identifies the persons as potential candidates who are qualified to be appointed as Directors and recommends to the Board their appointment and removal. The Board has sufficient breadth of skills in areas of finance, legal, consulting, operations, IT, marketing, general management, supply chain, technology, etc.

The Nomination and Remuneration 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 performance evaluation of Directors.

During the year under review, the Board of Directors based on the recommendations of the Nomination and Remuneration Committee, approved a Policy on appointment of Independent Director on the Board of Directors of the Company. This Policy, *inter alia*, lists the process to be followed for appointment of Independent Directors, criteria for shortlisting the candidates and critical attributes.

Key Board qualifications, expertise and attributes

The Company is in the business of manufacturing and selling wide range of paints for decorative and industrial use, and also offers wall coverings, adhesives and services under our portfolio. The Company has entered Home Décor segment offering lightings, furnishings and furniture along with end to end design to execution services for Décor. The Company is also present in the Home Improvement business offering bath and kitchen products.

In terms of requirement of Listing Regulations, the Board has identified the following skills/expertise/competencies of the Directors as given below:

Sr. No.	Names of the Director(s)	Skill/Expertise/Competency				
		Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	International Business experience: Experience in leading businesses in different geographies/markets around the world	General management/ Governance: Strategic thinking, decision making and project interest of all stakeholders	Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisitions, etc.	Technical, professional skills and knowledge including legal and regulatory aspects
1.	Ashwin Dani	✓	✓	✓	✓	✓
2.	Abhay Vakil	✓	✗	✓	✓	✗
3.	Manish Choksi	✓	✓	✓	✓	✓
4.	Amit Syngle	✓	✗	✓	✓	✓
5.	Malav Dani	✓	✓	✓	✓	✗
6.	Amrita Vakil	✓	✗	✓	✓	✗

Report on Corporate Governance (Contd.)

Sr. No.	Names of the Director(s)	Skill/Expertise/Competency				
		Sales & Marketing: Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	International Business experience: Experience in leading businesses in different geographies/markets around the world	General management/ Governance: Strategic thinking, decision making and project interest of all stakeholders	Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisitions, etc.	Technical, professional skills and knowledge including legal and regulatory aspects
7.	Jigish Choksi	✓	✗	✓	✗	✗
8.	Deepak Satwalekar	✓	✗	✓	✓	✗
9.	S. Sivaram	✗	✗	✓	✗	✓
10.	M. K. Sharma	✓	✓	✓	✓	✓
11.	Vibha Paul Rishi	✓	✓	✓	✓	✗
12.	R. Seshasayee	✗	✓	✓	✓	✗
13.	Suresh Narayanan	✓	✓	✓	✓	✗
14.	Pallavi Shroff	✓	✓	✓	✓	✓

Declarations

The Company has received declarations from the Independent Directors that they meet the criteria of Independence laid down under the Act and the Listing Regulations. The Independent Directors have also confirmed that they have registered themselves in the databank of persons offering to become Independent Directors.

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 fulfil the conditions of independence specified in the Listing Regulations and the Act and are independent of the Management of the Company.

The Company had also issued formal appointment letters to all the Independent Directors at the time of their appointment in the manner provided under the Act 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/about-us.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.

Directorship and Membership of Committees and Shareholding of Directors

The details of Directorships, relationship, *inter-se*, shareholding in the Company, number of Directorships and Committee Chairmanships/Memberships held by the Directors of the Company in other public companies as on 31st March, 2021 are as under:

Name of Director(s)	Nature of Directorship	Relationship with each other	Directorship held in other Listed entities along with Category	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	2	1	2	11,24,870 (0.12%)
Manish Choksi	Non-Executive Vice Chairman/Promoter	Cousin of Jigish Choksi	-	3	0	2	23,81,040 (0.25%)
Abhay Vakil	Non-Executive Director/Promoter	Uncle of Amrita Vakil	-	3	1	1	2,32,88,200 (2.43%)
Amit Syngle	Managing Director & CEO	\$	-	0	0	0	600 (0%)
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	Non-Executive - Non-Independent Director of Elcid Investments Limited	3	0	0	25,66,680 (0.27%)
Jigish Choksi	Non-Executive Director/Promoter	Cousin of Manish Choksi	-	1	0	0	19,95,180 (0.21%)

Name of Director(s)	Nature of Directorship	Relationship with each other	Directorship held in other Listed entities along with Category	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	
Deepak Satwalekar	Non-Executive Director/ Independent	\$	Independent Director of Piramal Enterprises Limited and Wipro Limited	4	1	3	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	2	Nil
M. K. Sharma	Non-Executive Director/ Independent	\$	Independent Director of Wipro Limited, United Spirits Limited and Vedanta Limited Non-Executive - Non-Independent Director in Ambuja Cement Limited	6	4	7	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	7	2	8	Nil
R. Seshasayee	Non-Executive Director/ Independent	\$	-	1	0	1	1,496 (0%)
Suresh Narayanan	Non-Executive Director/ Independent	\$	Managing Director of Nestle India Limited	1	0	0	Nil
Pallavi Shroff	Non-Executive Director/ Independent	\$	Independent Director of Apollo Tyres Limited, Trident Limited, InterGlobe Aviation Limited and PVR Limited	5	0	3	Nil

Notes:

- * Excludes directorship in Asian Paints Limited. Also excludes directorship in private companies, foreign companies, companies incorporated under Section 8 of the Act and alternate directorships.
- ** For the purpose of considering the limit of Committee membership and chairmanship of a Director, membership and chairmanship of Audit Committee and Stakeholders Relationship Committee of public companies have been considered. Also excludes the membership & chairmanship in Asian Paints Limited.
- *** 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.
- # The Company has not issued any convertible instruments, hence no such instruments are being held by Non-Executive Directors.
- § No *inter-se* relationship exists between these Directors of the Company.

FAMILIARIZATION PROGRAMME

The Board familiarization program consists of detailed induction for all new Independent Directors when they join the Board of Directors of the Company and ongoing sessions on business strategy, operational and functional matters.

The exhaustive induction for Independent Directors enables them to be familiarized with the Company, its history, values and purpose. The Managing Director & CEO also makes presentations in order to facilitate clear understanding of the business of the Company and the environment in which the Company operates.

In Board meetings, discussions on business strategy, operational and functional matters provide good insights on the businesses carried on by the Company to the Independent Directors. These sessions also involve interactions with

Senior Management. To make these sessions more productive, 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 are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

The Company also arranges for visits to the Company's Plants to enable them to get first hand understanding of the processes.

Further, an information pack is handed over to the new Director(s) on the Board, which includes, Company profile, Company's Codes and Policies, Strategy documents and such other operational information which will enable them to discharge their duties in a better way.

Report on Corporate Governance (Contd.)

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>

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities as mandated by applicable regulations, which concern the Company and need a closer review. The Chairman of the respective Committee(s) brief the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees request special invitees to join the meeting, as and when appropriate.

AUDIT COMMITTEE

The Audit Committee met 6 (six) times during the financial year 2020-21. The composition of the Audit 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 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)					
		22 nd June, 2020	23 rd July, 2020	21 st October, 2020	22 nd December, 2020	20 th January, 2021	29 th March, 2021
M. K. Sharma	Chairman						
R. Seshasayee	Member						
Abhay Vakil	Member						
Suresh Narayanan*	Member			NA	NA	NA	NA
Deepak Satwalekar*	Member	NA	NA				

Present through video-conference

* Mr. Suresh Narayanan ceased to be a Member of the Committee with effect from 7th September, 2020 and Mr. Deepak Satwalekar was appointed as a Member of the Committee on the same day.

Mr. R. J. Jeyamurugan acts as Secretary to the Committee.

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 relevant experience in financial management.

In addition to the quarterly meetings for consideration of financial results, the Committee meets twice a year to exclusively review the related party transactions and the key internal audit observations. The meetings of the Audit Committee are also attended by the Managing Director & CEO, Statutory and Internal Auditors and CFO & Company Secretary.

The terms of reference of the Audit Committee are formulated in accordance with the regulatory requirements mandated by the Act and Listing Regulations.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The terms of reference of the Committees are in line with the provisions of the Listing Regulations, the Act and the Rules issued thereunder.

The Company currently has 7 (seven) Committees of the Board, namely, Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Investment Committee and Shareholders Committee.

During the year under review, the composition of the Committees of the Board was suitably reconstituted by rotating existing members who had served for long years on the Committees to encourage fresh thinking and perspective.

The Audit Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:


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;

5. Recommending the appointment, remuneration, terms of appointment and scope of Statutory Auditors of the Company and approval for payment towards any other service;
6. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
7. Reviewing the adequacy of internal audit function and discussing with the internal auditors on the significant findings and further course adopted;
8. Reviewing, approving or subsequently modifying transactions of the Company with related parties; and
9. Review compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment(s) or modification(s) from time to time) at least once in a financial year and verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company met 5 (five) times during the financial year 2020-21 to discuss and deliberate on various matters. The composition of the Nomination and Remuneration Committee along with the details of the meetings held and attended by the members of the Committee during the financial year 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)				
		8 th June, 2020	22 nd July, 2020	15 th October, 2020	14 th January, 2021	9 th March, 2021
Suresh Narayanan*	Chairman	NA	NA			
Deepak Satwalekar*	Chairman			NA	NA	NA
M. K. Sharma	Member					
Manish Choksi	Member					

 Present through video-conference

* Mr. Deepak Satwalekar ceased to be Member & Chairman of the Committee w.e.f. 7th September, 2020 and Mr. Suresh Narayanan was appointed in his place as the Chairman & Member of the Committee on the same day.

Mr. R. J. Jeyamurugan acts as Secretary to the Committee.

During the year under review, the Board of Directors revised the terms of reference of the Committee to include the role to be played by the Committee as an Administration and Compensation Committee in accordance with SEBI (Share Based Employee Benefit) Regulations, 2014, subject to approval of the shareholders to the Employee Stock Option Plan 2021.

The Nomination and Remuneration Committee is, *inter alia*, entrusted with the following responsibility by the Board of Directors of the Company:

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;
8. Play the role of Compensation Committee and to act as an administrator to any of the Employees' Stock Option Schemes (as may be notified from time to time); and
9. Undertake any other matters as the Board may decide from time to time.

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 plays a pivotal role in identifying successors to the members of the Senior Management.

During the year under review, the Nomination and Remuneration Committee spent substantial time with the Managing Director & CEO on succession planning exercise. The succession plan was closely aligned with the strategy and long term needs of the Company.

Report on Corporate Governance (Contd.)

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration 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.

In accordance with the Policy, the responsibilities of Nomination and Remuneration Committee, *inter alia*, include:

1. 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.
2. The Nomination and 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.
3. 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 and Remuneration Committee shall review performance of the Senior Management 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 and 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.

During the year under review, the Board of Directors updated the Nomination and Remuneration Policy to bring it in line with the organisational changes and to include enabling provisions for compliance under the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014.

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>.

Details of remuneration paid to Directors during the financial year 2020-21:

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.

For the financial year 2020-21, 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. Independent Directors are paid ₹ 30,000 (Rupees thirty thousand only) for the separate meeting of Independent Directors.

Details of the remuneration of the Directors of the Company for the financial year 2020-21 are as follows:

(Amount in ₹)					
Name of Director(s)	Basic Salary	Perquisites	Sitting Fees	Commission	Total
Ashwin Dani	-	7,35,000 [#]	3,50,000	42,00,000	52,85,000
Manish Choksi	-	-	5,60,000	38,00,000	43,60,000
Abhay Vakil	-	7,20,000 [#]	7,10,000	34,00,000	48,30,000
Amit Syngle [^] [§]	2,75,00,000	3,08,59,592	-	4,58,00,000	10,41,59,592
Malav Dani	-	-	5,30,000	36,00,000	41,30,000
Amrita Vakil	-	-	5,60,000	34,00,000	39,60,000
Jigish Choksi	-	-	4,40,000	34,00,000	38,40,000
Deepak Satwalekar	-	-	8,50,000	34,00,000	42,50,000
S. Sivaram	-	-	5,30,000	36,00,000	41,30,000
M. K. Sharma	-	-	8,90,000	40,00,000	48,90,000
Vibha Paul Rishi	-	-	6,20,000	34,00,000	40,20,000
R. Seshasayee	-	-	8,90,000	36,00,000	44,90,000
Suresh Narayanan	-	-	6,90,000	38,00,000	44,90,000
Pallavi Shroff	-	-	3,50,000	34,00,000	37,50,000

Notes:

The Company has not granted stock options to any of its Directors during the FY 2020-21, however, the Company has devised Employees Stock Option Plan which would be applicable from the FY 2020-21 onwards, subject to approval of the shareholders at the ensuing AGM.

[#] Represents 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.

[^] The remuneration paid to Mr. Amit Syngle, Managing Director & CEO, for the financial year 2020-21, excludes ₹ 2.47 crores (Rupees two crores and forty seven lakhs) worth of Stock Options which would be granted in accordance with the 2021 ESOP Plan, subject to approval of the shareholders of the Company. The stock options would vest after fulfillment of vesting conditions in accordance with the 2021 Plan.

[§] Services of the Managing Director may be terminated by either party, giving the other party six months' notice or the Company paying six months' basic salary in lieu thereof. There is no separate provision for payment of severance pay.

PERFORMANCE EVALUATION

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees.

The Company has a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including the Chairman.

The Independent Directors at their separate meeting reviewed the performance of: Non-Independent Directors and the Board as a whole, Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors, the quality, quantity and timeliness

of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year under review, the Board in consultation with the Nomination and Remuneration Committee had engaged M/s. Egon Zehnder, a leadership advisory firm on board matters, to conduct a review of the engagement of the Board, its Committees and Directors for FY 2020-21. The outcome of the engagement review process focused on Board dynamics and softer aspects. The process involved a questionnaire-based approach followed by independent one on one discussions with all Board members. The Board evaluation process was completed for FY 2020-21. The outcome of the engagement review was presented to the Nomination and Remuneration Committee and the Board of Directors of the Company.

Report on Corporate Governance (Contd.)

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.

Board and Individual Directors

The parameters for performance evaluation of Board includes composition of Board, process for appointment to the Board, succession planning, handling critical and dissenting suggestions, attention to Company's long term strategy, evaluation of the governance levels of the Company, quality of discussions at the meeting, etc.

The parameters of the performance evaluation process for Directors, *inter alia*, includes, effective participation in meetings of the Board, understanding of the roles and responsibilities, domain knowledge, 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 the Act and their Independence from the Management. Additional criteria for evaluation of Chairman of the Board includes ability to co-ordinate Board discussions, steering the meeting effectively, seeking views and dealing with dissent, etc.

The outcome of survey and feedback from Directors & consultation firm was discussed at the respective meetings of Board and the Committees of Board.

Managing Director & CEO

The Nomination and Remuneration Committee evaluates the performance of the Managing Director & CEO by setting his Key Performance Objectives at the beginning of each financial year. The Committee ensures that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company. The performance of Managing Director vis-à-vis the Performance Objectives/Parameters set at the beginning of the financial year are also reviewed by the Committee during the year.

Committees of the Board

The performance evaluation of Committee(s) included aspects like degree of fulfillment of key responsibilities as outlined by the Charter of the committee, adequacy of Committee composition, effectiveness of discussions at the Committee meetings, quality of deliberations at the meetings and information provided to the Committee(s).

STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship 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 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)		
		5 th June, 2020	21 st October, 2020	29 th March, 2021
R.Seshasayee	Chairman			
Amrita Vakil	Member			
Jigish Choksi	Member			
Amit Syngle	Member			

Present through video-conference

Mr. R. J. Jeyamurugan acts as Secretary to the Committee.

Mr. R. J. Jeyamurugan, CFO & Company Secretary, is the Compliance Officer in accordance with Regulation 6 of the Listing Regulations. Mr. Jeyamurugan is a Company Secretary & Chartered Accountant.

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.

Details relating to the number of complaints received and redressed during the financial year 2020-21 as on 31st March, 2021 are as under:

Nature of Complaints	Number of complaints received	Number of complaints redressed	Number of Pending complaints
Non-Receipt of Dividends	5	5	0
Non-Receipt of Annual Report	0	0	0
Dematerialization of Securities	0	0	0
Others	10	10	0
Total	15	15	0

Notes:

1. 1 (one) complaint outstanding as on 31st March, 2020, was redressed during the financial year 2020-21.
2. Nature of complaints in the category "Others" includes updation of email id, change in signature and address, transfer of shares, non-receipt of split shares, transmission of shares and issue of duplicate shares, TDS on dividend, IEPF related, etc.
3. M/s. TSR Darashaw Consultants Private Limited (TSR), is the Registrar and Transfer Agent of the Company. The management on an on-going basis engages with TSR in order to address the requests received from the shareholders, resolving their grievances, etc.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)			
		22 nd June, 2020	14 th October, 2020	15 th January, 2021	26 th March, 2021
Malav Dani	Chairman				
Vibha Paul Rishi	Member				
Amrita Vakil	Member				
Deepak Satwalekar*	Member	NA			
Amit Syngle	Member				

Present through video-conference

* Mr. Deepak Satwalekar was appointed as a Member of the Committee with effect from 7th September, 2020.

Mr. R. J. Jeyamurugan acts as Secretary to the Committee.

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 2020-21 is detailed below:

Name of Director(s)	Nature of membership
Abhay Vakil	Chairman
Ashwin Dani	Member
Manish Choksi	Member
Amit Syngle	Member
R. J. Jeyamurugan	Member

Note:

No meetings were held during the year, the requisite approvals of the Committee were sought through Circular Resolution.

Mr. R. J. Jeyamurugan also acts as a Secretary to 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 of the Company have delegated the authority to approve the transfer, transmission, dematerialization of shares, etc., to any two members, jointly, of the Shareholders Committee including the Company Secretary.

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 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)		
		29 th May, 2020	30 th October, 2020	15 th February, 2021
S. Sivaram	Chairman			
Pallavi Shroff	Member			Absent
Amit Syngle	Member			
P. Sriram	Member			
Vibha Paul Rishi*	Member	NA		

Present through video-conference

* Mrs. Vibha Paul Rishi was appointed as a Member of the Committee with effect from 7th September, 2020.

Mr. R. J. Jeyamurugan acts as Secretary to the Committee.

Report on Corporate Governance (Contd.)

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;
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 formulated by the Risk Management Committee, 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, information technology, financial, cyber security risks and operational risks respectively.

INVESTMENT COMMITTEE

During the year under review, the Board of Directors constituted an Investment Committee comprising of Non-Executive Directors and the Managing Director & CEO, with an objective to focus and report to the Board on areas of strategic focus and significance for the Company.

The details of the meetings held and attended by the members of the Committee during the financial year 2020-21 is detailed below:

Name of Director(s)	Nature of membership	Meeting date(s)	
		19 th October, 2020	22 nd February, 2021
R. Seshasayee	Chairman		
Deepak Satwalekar	Member		
Suresh Narayanan	Member		
Manish Choksi	Member		
Abhay Vakil	Member		
Malav Dani	Member		
Amit Syngle	Member		

 Present through video-conference

Mr. R. J. Jeyamurugan acts as a permanent invitee and Secretary to the Committee.

The terms of reference of the Investment Committee, *inter alia*, includes to review and evaluate proposals for investment (including acquisitions), divestments, strategic alliances/technological tie ups, capital expenditure that may be proposed by the Management based on strategic plans of the Company or its subsidiaries and make appropriate recommendations to the Board of Directors of the Company. It is also responsible to review the post transaction completion and integration processes, and review if the status is in line with the plans for acquisitions/strategical alliances/technological tie ups.

MANAGEMENT

The Management structure of the Company comprises of the Managing Director & CEO and the members of the Steering Council and One Link group.

One Link group comprising of General Managers, Associate Vice Presidents and Vice Presidents, led by the Managing

Director & CEO. Futuristic and Innovation projects across functions and businesses are handled by the One Link group. The Steering Council comprises of the Associate Vice Presidents, Vice Presidents and Managing Director & CEO.

CEO/CFO CERTIFICATION

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2020-21 signed by Mr. Amit Syngle, Managing Director & CEO and Mr. R. J. Jeyamurugan, CFO & Company Secretary, was placed before the Board of Directors of the Company at their meeting held on 12th May, 2021 and is annexed to this Report as Annexure [B].

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 as Annexure [C].

GENERAL BODY MEETINGS

Details of last three AGM and the summary of Special Resolution(s) passed therein, if any, are as under:

Financial Year(s)	Date	Time	Location	Special Resolution(s) passed
2019-20	5 th August, 2020	2.00 p.m.	Conducted through Video Conferencing/Other Audio Visual Means. Deemed location is the Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai - 400 055	Continuation of the directorship of Mr. Ashwin Dani (DIN: 00009126) as a Non-Executive Director of the Company
2018-19	27 th June, 2019	11.00 a.m.	Patkar Hall, Nathibai Thackersay Road, New Marine Lines, Mumbai - 400 020	NIL
2017-18	26 th 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

No Special Resolution was passed through Postal Ballot during financial year 2020-21. Further, no Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

OTHER DISCLOSURES

- 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.
- Related Party Transactions:

All transaction entered into by the Company with related parties, during the financial year 2020-21, 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 Act read with the Rules issued thereunder and relevant provisions of the Listing Regulations.

The Company has formulated a framework for Related Party Transactions which is followed for identifying, entering into and monitoring related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably.

The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted.

The Audit Committee, during the financial year 2020-21, has approved Related Party Transactions along with granting omnibus approval in line with the Policy on dealing with and materiality of Related Party Transactions and the applicable provisions of the Act read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Policy on dealing with 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, 2021 is as under:

Name of the Employee	Nature of relationship with Director(s)	Remuneration (₹)
Varun Vakil	Relative of Amrita Vakil	64,44,595

In terms of Section 177 and other applicable provisions, if any, of the Act read with the Rules issued thereunder and the Listing Regulations, the appointment and remuneration payable to the aforesaid is approved by the Audit Committee and noted by the Board of Directors of the Company and is at arm's length and in ordinary course of business of the Company.

- Vigil Mechanism and Whistle Blower Policy:

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, 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.

The scope of the vigil mechanism enables employees, Directors and other stakeholders to report on any cases of leakage of unpublished price sensitive information

Report on Corporate Governance (Contd.)

and consequent non-compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI Insider Trading Regulations"). In accordance with the Policy, an Ethics Committee has been constituted comprising of the Managing Director & CEO, the CFO & Company Secretary and the 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.

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

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), Promoter(s) and Employees including Senior Management Personnel 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 with a Chairman's Office at the Registered Office of the Company.
- ii. The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.

- iii. 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 soft copy of quarterly results is also sent to the shareholders who have registered their email addresses with the Company. The Company discusses with the Institutional Investors and Equity Analysts on the Company's performance on a periodic basis and presentations, if any, made during such meetings and calls are also available on the website of the Company.
- iv. 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.
- v. The Chief Internal Auditor reports to the Audit Committee of the Company. 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 subsidiary Company in terms of Regulation 16 of the Listing Regulations. The synopsis of the minutes of the Board meetings of the subsidiary companies are placed at the Board meeting of the Company on quarterly basis. 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.

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 at www.asianpaints.com. There is a separate section on 'Investors' on the website of the Company containing 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 24A of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance Report is in addition to the Secretarial Audit Report by Practicing Company 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 [B-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 the 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 12th May, 2021 and is set out as Annexure [A] to this Report.
12. Total fees paid to Statutory Auditors of the Company:
- Total fees of ₹ 3,65,46,145 (Rupees three crores sixty five lakhs forty six thousand one hundred and forty five only) for financial year 2020-21, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to M/s. Deloitte Haskins & Sells LLP, Chartered Accountant, Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.
13. Disclosure of Pending Cases/Instances of Non-Compliance:
- There were no non-compliances by the Company and no instances of penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to the capital market during the last three years.
- The Company has been impleaded in certain legal cases related to disputes over title to shares arising in the ordinary course of share transfer operations. However, none of these cases are material in nature, which may lead to material loss or expenditure to the Company.
14. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company has formulated a Policy on Prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.
- 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 2020-21 are as under:
- Number of complaints filed during the financial year: 1
- Number of complaints disposed of during the financial year: 2 (one complaint carried forward from FY 2019-20)
- 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 and for members of the Board and Senior Management Personnel. The Company through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti-competitive practices. Employees are mandated to undergo video based training modules and case studies embodying

Report on Corporate Governance (Contd.)

real-life examples upon joining the organization as a part of their induction and annually as a part of periodic refresher trainings for all employees.

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2020-21. The declaration to this effect signed by Mr. Amit Syngle, Managing Director & CEO of the Company is annexed to this report as Annexure [B].

The Code of Conduct for employees and the Board and Senior Management has clear policy and guidelines for avoiding and disclosing actual or potential conflict of interest with the Company, if any.

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 (Prevention of Insider Trading Code) under SEBI Insider Trading Regulations. In accordance with the SEBI Insider Trading Regulations, the Company has established systems and procedures to prohibit insider trading activity.

The Prevention of Insider Trading Code is suitably amended, from time to time to incorporate the amendments carried out by SEBI to SEBI Insider Trading Regulations.

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 the Prevention of Insider Trading Code. The digital database as required under SEBI Insider Trading Regulations is also maintained on the said portal.

The Compliance Officer and the management conducted several trainings and workshops with the Designated Person(s) to create awareness on various aspects of the Prevention of Insider Trading Code and the SEBI Insider Trading Regulations and to ensure that the internal controls are adequate and effective to ensure compliance. A digital campaign was also conducted during the year which aimed at sensitizing the Designated Persons on the various aspects of the Prevention of Insider Trading Code through relatable, conversational and pictorial graphics & videos.

These initiatives have created substantial awareness amongst the Designated Persons.

The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations to the Board w.r.t. action taken against such defaulters. The

said non-compliances are promptly intimated to Stock Exchanges in the prescribed format and penalty, if any is being directly deposited by the Designated Person with SEBI's Investor Protection and Education Fund.

The Board have also formulated a Policy for determination of 'legitimate purposes' as a part of the Code of Fair Disclosure and Conduct as per the requirements of the SEBI Insider Trading Regulations.

The Prevention of Insider Trading Code and Code of Fair Disclosure and Conduct 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 the Listing Regulations. Such timely disclosures indicate the good corporate governance practices of the Company. For this purposes, it provides multiple channels of communications through dissemination of information on the online portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.

a) Publication of financial results:

Quarterly, half-yearly and annual financial results of the Company are published in leading English and Marathi language newspaper, viz., all India editions of Economic Times, Mumbai editions of Free Press Journal and Navshakti newspapers and Maharashtra edition of Maharashtra Times.

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 at www.asianpaints.com. Quarterly Compliance Reports and other relevant information of interest to the Investors are also placed under the Investors Section on the Company's website.

c) Analysts presentations:

The presentations on performance of the Company are placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders immediately after the financial results are communicated to the Stock Exchanges.

The Company also conducts calls/meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. These calls are attended by the Managing Director & CEO, CFO & Company Secretary and other members of the management. The Company promptly uploads on its website transcript and audio recordings of such calls on voluntary basis.

d) Stock Exchange:

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. The Managing Director & CEO and the CFO & Company Secretary are empowered to decide on the materiality of information for the purpose of making disclosures to the stock exchanges. The Company makes timely disclosures of necessary information to BSE Limited (BSE) and

National Stock Exchange of India Limited (NSE) in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

e) 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. Further, in compliance with the provisions of the Listing Regulations, the disclosures made to the stock exchanges, to the extent possible, are in a format that allows users to find relevant information easily through a searching tool.

f) Reminders to Investors:

Reminders are, *inter alia*, sent to shareholders for registering their email IDs, claiming returned undelivered share certificates and unclaimed dividend and transfer of shares thereto.

General Shareholder Information

1. CORPORATE IDENTIFICATION NUMBER	L24220MH1945PLC004598
2. REGISTERED OFFICE	Asian Paints Limited 6A, Shantinagar Santacruz (E) Mumbai - 400 055
3. ANNUAL GENERAL MEETING	
Day & Date	Tuesday, 29 th June, 2021
Time	11.00 a.m. IST
Venue	Annual General Meeting through Video Conference/Other Audio Visual Means [Deemed Venue for Meeting: Registered Office of the Company at 6A, Shantinagar, Santacruz (East), Mumbai - 400 055]
4. RECORD DATE	Friday, 11 th June, 2021
5. FINANCIAL CALENDAR	
Financial Year	1 st April to 31 st March
Tentative schedule for declaration of financial results during the financial year 2021-22	
Quarter ending 30 th June, 2021	20 th July, 2021
Quarter ending 30 th September, 2021	21 st October, 2021
Quarter ending 31 st December, 2021	20 th January, 2022
Quarter and financial year ending 31 st March, 2022	12 th May, 2022
6. LISTING DETAILS	
Name of Stock Exchange(s) & Stock Code(s)	Address
BSE Limited (BSE) – 500820	BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited (NSE) – ASIANPAINT	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
ISIN for Depositories	INE021A01026

Payment of Listing Fees: Annual listing fees for the financial year 2021-22 have been paid by the Company to BSE and NSE.

Payment of Depository Fees: Annual Custody/Issuer fees is being paid by the Company within the due date based on invoices received from the Depositories.

7. DETAILS OF THE DIVIDEND DECLARED AND PAID BY THE COMPANY FOR THE LAST FIVE YEARS

Year(s)	Percentage (%)	In ₹ per share (Face Value of ₹ 1 each)	Dividend Amount (₹ in crores)
2015-16	750	7.50	719.40
2016-17*	1,030	10.30	988.00
2017-18	870	8.70	834.50
2018-19	1,050	10.50	1,007.16
2019-20	1,200	12.00	1,151.04
2020-21 (Interim)	335	3.35	321.33

* Includes one-time special dividend of ₹ 2 per share of face value of ₹ 1 each.

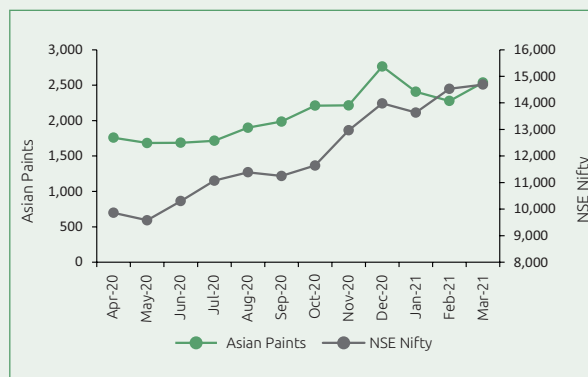
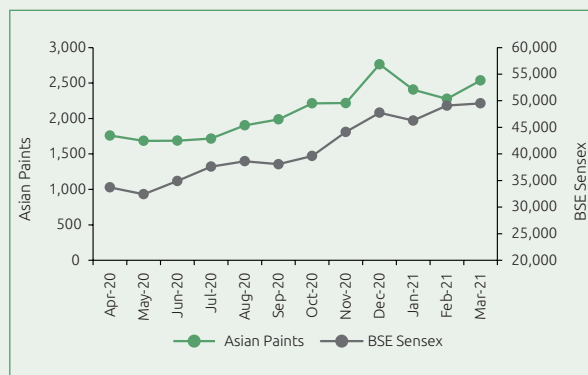
8. MARKET PRICE DATA – THE MONTHLY HIGH AND LOW PRICES OF THE COMPANY'S SHARES AT BSE AND NSE FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	1,862.50	1,517.45	1,864.00	1,517.25
May, 2020	1,751.00	1,482.85	1,751.00	1,482.95
June, 2020	1,813.10	1,575.00	1,813.75	1,577.50
July, 2020	1,792.20	1,645.90	1,792.65	1,645.10
August, 2020	2,015.95	1,697.50	2,016.85	1,697.50
September, 2020	2,087.75	1,908.30	2,069.95	1,907.75
October, 2020	2,242.30	1,992.60	2,242.85	1,992.05
November, 2020	2,249.60	2,116.60	2,249.00	2,117.15
December, 2020	2,771.50	2,206.85	2,772.00	2,206.20
January, 2021	2,871.40	2,400.00	2,873.45	2,400.00
February, 2021	2,555.00	2,261.45	2,555.00	2,260.00
March, 2021	2,583.00	2,300.00	2,583.45	2,300.00

Source: BSE & NSE websites.

9. STOCK PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES

The chart below shows the comparison of the Company's monthly share price movement vis-à-vis the movement of the BSE Sensex and NSE Nifty for the financial year ended 31st March, 2021 (based on the month end closing):



Source: BSE & NSE website.

10. IN CASE THE SECURITIES OF THE COMPANY ARE SUSPENDED FROM TRADING, THE REASONS THEREOF

Not applicable.

11. REGISTRAR AND TRANSFER AGENT & SHARE TRANSFER SYSTEM

M/s. TSR Darashaw Consultants Private Limited is the Company's Registrar and Transfer Agent (RTA). Share transfers, dematerialization of shares, dividend payment and all other investor related matters are attended to and processed by our RTA.

The shares lodged for transfer, transmission, 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, transmission, dematerialization of shares, etc., to any two members, jointly, of the Shareholders Committee of the Company including the Company Secretary. A summary of approved transfers, transmissions, dematerialization of shares, 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,

General Shareholder Information (Contd.)

split, rematerialization, consolidation and renewal of share certificates, etc. are approved by the Shareholders' Committee.

Trading in equity shares of the Company is permitted only in dematerialized form.

In terms of requirements of Regulation 40 of the Listing Regulations w.e.f. 1st April, 2019, transfer of securities in physical form, except in case of request received for transmission or transposition of securities, shall not be processed.

Legal proceedings

There are certain pending cases related to disputes over title to shares in which we had been made a party, however, these cases are not material in nature.

12. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Sections 124 and 125 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"), dividend, if not paid or claimed for a period of 7 (seven) years from the date of transfer to Unclaimed Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF).

Further, according to the Act read with the IEPF Rules, all the shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

During the year under review, the Company had sent individual notices and issued advertisements in the newspapers, requesting the shareholders to claim their dividends in order to avoid transfer of shares/dividend to the IEPF. Details of the unclaimed dividend and shareholders whose shares are liable to be transferred to the IEPF Authority are available on the website of the Company at:

<https://www.asianpaints.com/more/investors/unclaimed-dividend.html>

The details of the unclaimed dividend and shares transferred to IEPF during the financial year 2020-21 are as follows:

Particulars	Amount of unclaimed dividend transferred (in ₹)	No. of shares transferred
Final Dividend 2012-13	98,59,582	93,200
Interim Dividend 2013-14	35,13,977	50,538
Total	1,33,73,559	1,43,738

During the financial year 2021-22, the Company would be transferring unpaid or unclaimed final dividend amount for the financial year ended 31st March, 2014 on or before 30th August, 2021 and unpaid or unclaimed interim dividend amount for the financial year ended 31st March, 2015 on or before 22nd November, 2021, to IEPF.

The members who have a claim on the dividends and shares transferred to the IEPF Authority may claim the same by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

Nodal and Deputy Nodal Officer(s)

In accordance with the IEPF Rules, the Board of Directors have appointed Mr. R. J. Jeyamurugan, CFO & Company Secretary of the Company, as the Nodal Officer and Mrs. Radhika Shah, Chief Manager - Secretarial & Legal and Mrs. Saloni Arora, Senior Manager - Secretarial as the Deputy Nodal Officer(s).

Details of the Nodal Officer for the purpose of co-ordination with the IEPF Authority are available at the website of the Company at <https://www.asianpaints.com/more/investors.html>.

13. DIVIDEND

Dividend details	Payment date
Interim Dividend for FY 2020-21 of ₹ 3.35 per equity share declared on 22 nd October, 2020	12 th November, 2020
Final Dividend for FY 2020-21 of ₹ 14.50 per equity share recommended by the Board of Directors at its meeting held on 12 th May, 2021	2 nd July, 2021 (Subject to approval of the shareholders at the ensuing 75 th AGM)

The Company provides the facility for remittance of dividend to members through DC (Direct credit)/NACH (National Automated Clearing House)/NEFT (National Electronic Funds Transfer). In cases where the core banking account details are not available, the Company will issue the dividend warrants/demand drafts mentioning the existing bank details available with the Company.

Members who have not opted for remittance of dividend through electronic mode and wish to avail the same are required to provide their bank details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective Depository Participants (DPs) for shares held in electronic form or to the Company's RTA for shares held in physical form,

as the case may be, in order to ensure safe and speedy credit of their dividend into their Bank account.

Dividend income is taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend (TDS) paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and

amendments thereof. Further details in this regard have been made available in the Notice for the Company's 75th Annual General Meeting forming part of this Annual Report.

The Company sends TDS certificate to the shareholders at their registered email id or postal address, as the case may be, post payment of the dividend.

Details of Unclaimed Dividend

The details of the outstanding unclaimed dividend as on 31st March, 2021 and corresponding due dates for transfer to IEPF are as under:

Sr. No.	Particulars of Dividend	Amount (in ₹)	Due Dates of Transfer to IEPF
1.	Final Dividend 2013-2014	91,53,208.00	30 th August, 2021
2.	Interim Dividend 2014-2015	51,99,153.00	22 nd November, 2021
3.	Final Dividend 2014-2015	1,16,01,090.00	7 th September, 2022
4.	Interim Dividend 2015-2016	57,06,208.00	27 th December, 2022
5.	Final Dividend 2015-2016	2,08,49,877.80	2 nd September, 2023
6.	Interim Dividend 2016-2017	1,16,71,088.10	30 th December, 2023
7.	Final Dividend 2016-2017	3,14,60,510.25	2 nd September, 2024
8.	Interim Dividend 2017-18	1,09,44,202.75	28 th December, 2024
9.	Final Dividend 2017-18	2,23,98,424.95	1 st September, 2025
10.	Interim Dividend 2018-19	97,50,081.13	26 th December, 2025
11.	Final Dividend 2018-19	2,74,32,448.65	31 st August, 2026
12.	1 st Interim Dividend 2019-20	1,07,52,583.15	26 th December, 2026
13.	2 nd Interim Dividend 2019-20	2,63,80,261.05	30 th April, 2027
14.	Final Dividend 2019-20	41,18,474.00	12 th October, 2027
15.	Interim Dividend 2020-21	89,76,821.00	18 th January, 2028

14. DISCLOSURE IN RESPECT OF EQUITY SHARES TRANSFERRED TO THE 'ASIAN PAINTS LIMITED – UNCLAIMED SUSPENSE ACCOUNT'

In accordance with the requirements of Regulations 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 1 st April, 2020	389	6,22,420
Less	Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	8	10,820
Less	Number of shareholders whose shares got transferred from suspense account to IEPF during the year	65	47,340
Closing Balance	Aggregate number of shareholders and outstanding shares lying in the suspense account as on 31 st March, 2021	316	5,64,260

All the corporate benefit against those shares like bonus shares, split, etc., would also be transferred to Unclaimed Suspense Account of the Company. While the dividend for the shares which are lying in Unclaimed Suspense Account would be credited back to the relevant dividend accounts of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

General Shareholder Information (Contd.)

15. DEMATERIALIZATION OF SHARES

Break up of shares in physical and demat form as on 31st March, 2021 is as follows:

Particulars	No. of Shares	% of Total No. of Shares
Physical segment	71,10,498	0.74
Demat Segment	95,20,87,292	99.26
NSDL	92,57,45,172	96.51
CDSL	2,63,42,120	2.75
Total	95,91,97,790	100.00

The Company's equity shares are actively traded shares on the BSE and NSE.

The shareholders holding shares in physical form are requested to dematerialize their shares for safeguarding their holdings and managing the same hassle free.

Distribution of shareholding of shares of the Company as on 31st March, 2021 is as follows:

No. of Equity Shares	Shareholders		Shareholding	
	No.	% to Total	No.	% to Total
Upto 50	3,96,917	76.00	51,44,012	0.54
51-100	52,566	10.07	40,67,725	0.42
101-200	26,249	5.03	39,10,553	0.41
201-300	10,314	1.98	26,32,924	0.27
301-400	4,968	0.95	17,60,563	0.18
401-500	4,079	0.78	19,23,937	0.20
501-1,000	7,854	1.50	59,73,992	0.62
1,001-5,000	12,777	2.45	3,25,93,645	3.40
5,001-10,000	3,430	0.66	2,63,95,202	2.75
10,001 & Above	3,011	0.58	87,47,95,237	91.21
Total	5,22,165	100.00	95,91,97,790	100.00

Shareholding Pattern as on 31st March, 2021

Category of Shareholder(s)	No. of Shares	% of Total No. of Shares
(A) Shareholding of Promoter(s) and Promoter(s) Group		
(a) Individuals/Hindu Undivided Family	10,05,01,572	10.48
(b) Bodies Corporate	40,50,97,382	42.23
(c) Trust	7,85,700	0.08
Total Shareholding of Promoter(s) and Promoter(s) Group (A)	50,63,84,654	52.79
(B) Public shareholding		
(1) Institutions		
i) Mutual Funds/UTI	2,83,24,178	2.95
ii) Financial Institutions/Banks	2,41,207	0.03
iii) Central Government	7,55,587	0.08
iv) Insurance Companies	3,25,41,192	3.39
v) Foreign Institutional Investors	19,54,65,081	20.38
Sub-Total (B)(1)	25,73,27,245	26.83

Shareholders are accordingly requested to get in touch with any of the Depository Participant(s) registered with SEBI to open a Demat account. The shareholders may also visit website of Depositories viz. National Securities Depository Limited or Central Depository Services (India) Limited for further understanding of the demat procedure.

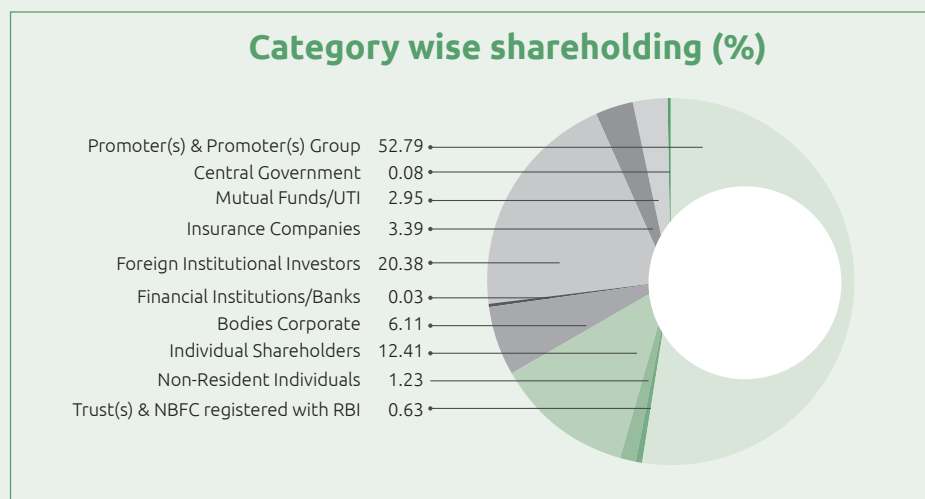
Reconciliation of share capital audit

As required by the Listing Regulations, quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the issued and listed capital. The Auditor's Certificate in regard to the same is submitted to BSE Limited and National Stock Exchange of India Limited and is also placed before the Board of Directors.

16. DISTRIBUTION OF SHAREHOLDING

Category of Shareholder(s)	No. of Shares	% of Total No. of Shares
(2) Non-Institutions		
i) Bodies Corporate	5,86,15,872	6.11
ii) Individuals		
(a) Individual shareholders holding nominal share capital up to ₹ 1 lakh	11,03,38,374	11.50
(b) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	86,90,945	0.91
iii) Non-Resident individuals	1,18,19,535	1.23
iv) NBFCs registered with Reserve Bank of India (RBI)	8,995	0.00
v) Trust(s)	60,12,170	0.63
Sub-total (B)(2)	19,54,85,891	20.38
Total Public Shareholding (B)=(B)(1)+(B)(2)	45,28,13,136	47.21
Total (A)+(B)	95,91,97,790	100.00

Category wise shareholding as on 31st March, 2021



17. OUTSTANDING INSTRUMENTS AND THEIR IMPACT ON EQUITY

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31st March, 2021.

18. 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 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

19. 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, 2021.

General Shareholder Information (Contd.)

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.

20. 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. Gautam buddh 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, Mysuru - 571 302, Karnataka.

Other Plant:

Penta Plant: B-5 and 10, Sipcot Industrial Complex, Cuddalore - 607 005, Tamil Nadu.

21. 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 Consultants Private Limited

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083
Tel. No.: (022) 6656 8484 Extn.: 411/412/413
Fax No.: (022) 6656 8494
Toll Free No.: 1800-2100-124
E-mail: csg-unit@tcplindia.co.in
Website: www.tcplindia.co.in

For the convenience of our investors, our RTA will accept the share transfer documents and other related letters at their following locations:

Location	Details
Bangalore	TSR Darashaw Consultants Private Limited C/o Mr. D. Nagendra Rao "Vaghdevi" 543/A, 7 th Main, 3 rd Cross, Hanumanthnagar, Bengaluru - 560 019 Contact Person: Mr. Shivanand M Tel. No.: +91-080-2650 9004 Email: tsrdlbgang@tcplindia.co.in Monday - Friday 10.00 a.m. - 3.30 p.m.
Kolkata	TSR Darashaw Consultants Private Limited C/o Link Intime India Private Limited Vaishno Chamber, Flat No. 502 & 503 5 th Floor, 6, Brabourne Road, Kolkata - 700 001 Contact Person: Mr. Rijit Mukherjee Tel. No.: +91-33-4008 1986 Email: tsrdlcal@tcplindia.co.in Monday - Friday 10.00 a.m. - 3.30 p.m.
New Delhi	TSR Darashaw Consultants Private Limited C/o Link Intime India Private Limited Noble Heights, 1 st Floor, Plot No NH-2 C-1 Block, LSC, Near Savitri Market Janakpuri New Delhi - 110 058 Contact Person: Mr. Shyamalendu Shome Tel. No.: +91-11-4941 1030 Email: tsrdldel@tcplindia.co.in Monday - Friday 10.00 a.m. - 3.30 p.m.
Jamshedpur	TSR Darashaw Consultants Private Limited Bungalow No. 1, 'E' Road, Northern Town Bistupur, Jamshedpur - 831 001 Contact Person: Mr. Subrata Das Tel. No.: +91-657-2426 937 Email: tsrdljsr@tcplindia.co.in Monday - Friday 10.00 a.m. - 3.30 p.m.
Ahmedabad	TSR Darashaw Consultants Private Limited C/o Link Intime India Private Limited Amarnath Business Centre-1 (ABC-1) Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C.G. Road, Ellisbridge Ahmedabad - 380 006 Contact Person: Ms. Preeti Madhu Tel. No.: +91-79-2646 5179 Email: csg-unit@tcplindia.co.in Monday - Friday 10.00 a.m. - 3.30 p.m.

The documents will also be accepted at the Registered Office of the Company:

Asian Paints Limited

CIN: L24220MH1945PLC004598
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.

22. ADDRESS OF THE REDRESSAL AGENCIES FOR INVESTORS TO LODGE THEIR GREIVANCES

Ministry of Corporate Affairs

'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) 2644 9000/4045 9000/
(022) 2644 9950/4045 9950
Fax No.: (022) 2644 9019-22/4045 9019-22
Toll Free Investor Helpline: 1800-227-575
E-mail: sebi@sebi.gov.in
Website: www.sebi.gov.in

Stock Exchanges:

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G, Bandra Kurla Complex
Bandra (E), Mumbai - 400 051
Tel. No.: (022) 2659 8100 – 8114
Fax No.: (022) 2659 8120
Website: www.nseindia.com

BSE Limited

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001
Tel. No.: (022) 2272 1233/4, (022) 6654 5695
Fax No.: (022) 2272 1919
Website: www.bseindia.com

Depositories:

National Securities Depository Limited

Trade World, 'A' Wing, 4th Floor
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
NM Joshi Marg, Lower Parel
Mumbai - 400 013
Toll free No.: 1800-225-533
Email: complaints@cdslindia.com
Website: www.cdslindia.com

23. OTHERS

a. Non-resident shareholders:

Non-resident shareholders are requested to immediately notify:

- i. Indian address for sending all communications, if not provided so far;
- ii. Change in their residential status on return to India for permanent settlement; and
- iii. 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:

- i. 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
- ii. Shareholders holding shares in electronic form are requested to send their instructions directly to their DPs.

c. Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with the share certificates so as to enable the Company to consolidate their holdings into one folio.

d. Shareholders are requested to deal only through SEBI registered intermediaries and give clear and unambiguous instructions to your broker/sub-broker/DP.

e. Nomination of shares:

Section 72 of the Act 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.

f. Permanent Account Number:

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN Card of the transferor(s), transferee(s), surviving joint holders/legal heirs be submitted to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

General Shareholder Information (Contd.)

g. Email Id registration:

To support the green initiative, shareholders are requested to register their email address with their DPs or with the Company's RTA, as the case may be. Communications in relation to Company like Notice and Outcome of Board Meetings, Dividend Credit Intimations, Notice of AGM and Annual Report are regularly sent electronically to such shareholders who have registered their email addresses.

The Company periodically sends reminder to all those shareholders who haven't registered their email address or wish to change the same. The shareholders willing to register their email address can write to their respective DP or Company's RTA, as the case may be.

h. SEBI Complaints Redress System (SCORES):

SEBI vide its Circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES).

As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievance. If the Company doesn't resolve the complaint of the shareholders within stipulated time, then they may lodge the Complaint with SEBI/Stock Exchanges for further action.

Further SEBI vide Circular dated 13th August, 2020, has specified standard operating procedure for handling complaints by stock exchanges, accordingly the Company is now required to resolve the Complaint within a period of 30 days of receipt of the same.

Annexure A to Report on Corporate Governance

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Asian Paints Limited

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) to **Asian Paints Limited** having **CIN L24220MH1945PLC004598** and having registered office at **6A, Shantinagar, Santacruz (E), Mumbai 400055** (hereinafter referred to as '**the Company**') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and based on the disclosures of the Directors, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority for the period ended as on March 31, 2021.

TABLE A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Ashwin Suryakant Dani	00009126	18/12/2003
2.	Abhay Arvind Vakil	00009151	22/07/2014
3.	Manish Mahendra Choksi	00026496	22/10/2018
4.	Malav Ashwin Dani	01184336	21/10/2013
5.	Amrita Amar Vakil	00170725	14/05/2014
6.	Jigish Shailesh Choksi	08093304	01/04/2019
7.	Amit Syngle	07232566	01/04/2020
8.	Deepak Madhav Satwalekar	00009627	30/05/2000
9.	Sivaram Swaminathan	00009900	07/04/2001
10.	Mahendrakumar Sharma	00327684	25/10/2012
11.	Vibha Paul Rishi	05180796	14/05/2014
12.	Seshasayee Ramaswami	00047985	23/01/2017
13.	Suresh Narayanan	07246738	01/04/2019
14.	Pallavi Shardul Shroff	00013580	01/04/2019

For **Makarand M. Joshi & Co.**
Practicing Company Secretaries

Kumudini Bhalerao
Partner
FCS No. 6667
CP No. 6690
UDIN- F006667C000242243

Place: Mumbai
Date : 5th May, 2021

Annexure B to Report on Corporate Governance for the financial year ended 31st March, 2021

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, 2021.

Place: Mumbai
Date : 12th May, 2021

Amit Syngle
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, 2021 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 financial year ended 31st March, 2021 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 year ended 31st March, 2021;
2. significant changes, in accounting policies during the financial year ended 31st March, 2021 and that the same have been disclosed in the notes to the financial statements; and
3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Amit Syngle
Managing Director & CEO

R J Jeyamurugan
CFO & Company Secretary

Place: Mumbai
Date : 12th May, 2021

Annexure C to Report on Corporate Governance for the financial year ended 31st March, 2021

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/3435/2020-21/01 dated July 02, 2020.
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 March 31, 2021, 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 March 31, 2021.
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

Abhijit A. Damle
Partner

Place: Mumbai
Date : 12th May, 2021

Membership No: 102912
UDIN : 21102912AAAADF3713

Business Responsibility Report (BRR)

INTRODUCTION

The current pandemic has reshuffled global priorities however our commitment toward climate and society remains steadfast. These times present us with an unprecedented opportunity to collectively hit the reset button and make changes to build back a better, more resilient world.

The past five years have been exciting for the Company. The Company has introduced several new world class sustainable products for its customers, significantly exceeded targets that it had set against the baseline year of 2013-14, taken important strides in the implementation of Behaviour Based Safety and achieved extensive impactful reach in its community initiatives.

This report contains Company's sustainability initiatives in a nutshell and its detailed Sustainability Report is published separately.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN)** : L24220MH1945PLC004598
- Name of the Company** : Asian Paints Limited
- Registered address** : 6A, Shantinagar, Santacruz (E), Mumbai - 400 055
- Website** : www.asianpaints.com
- E-mail Id** : investor.relations@asianpaints.com
- Financial Year reported** : 1st April, 2020 to 31st March, 2021
- 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 & 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
202	Manufacture of cosmetics and toileteries
202	Manufacture of other perfumes and toilet preparations n.e.c.

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

8. The key products that the Company manufactures (as per Balance Sheet) are:

- Paints/Synthetic Enamels, Other Colours,

- Pentaerythritol
- Bath fittings
- Disinfectants

Please refer to Company's website at (www.asianpaints.com) for the complete list of products.

9. Total number of locations where business activity is undertaken by the Company:

- Number of international locations – Nil (on a standalone basis)
- Number of national locations –

Paint plant	9
Disinfectant plant	1
Chemical plant	1
R&T Centre	3
Sales location	140
Admin Offices	54
Distribution Centres	10
Other offices	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	: ₹ 21,375.27 crores
3. Total profit after taxes	: ₹ 3,052.51 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 2020-21 is ₹ 62.98 crores which is 2.1% of PAT.	

5. Some of the areas for which expenditure in 4 above has been incurred:

- Education
- Water Conservation
- Health Care, Hygiene and Sanitation
- Vocational Training

SECTION C: OTHER DETAILS

- The Company as on 31st March, 2021 has 6 (six) direct subsidiaries and 17 (seventeen) 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 Business Responsibility (BR)

a. Details of the Director responsible for implementation of the BR policy:

- DIN : 07232566
- Name : Amit Syngle
- Designation : Managing Director & CEO

b. Details of the BR head:

- Name : R J Jeyamurugan
- Designation : CFO & Company Secretary
- 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 & CEO)	Y (It is signed by the Vice President - Human Resources Function)	Y (It is signed by the Managing Director & CEO)	Y (It is signed by the Vice President - Human Resources Function)	Y (It is signed by the Managing Director & CEO)	NA	Y (It is signed by the Managing Director & CEO)	Y (It is signed by the Managing Director & CEO)
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) (Contd.)

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

Notes:

- 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.
- 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 International Standards. Please refer the detailed report for more information.
- 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.
- The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and Internal Audit Function. 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.
- 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 policies
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 authorized for communicating with industrial bodies and managing government affairs in accordance with Communication Policy of the Company.

3. Governance Related to BRR

The Board of Directors of the Company assesses various initiatives forming part of the BR performance of the Company on a periodic basis. The Corporate Social Responsibility Committee meets every quarter to ensure implementation of the projects/programmes/activities to be undertaken in the field of CSR. Other supporting functions/groups like Sustainability and Safety meet on a periodic basis to assess the BR performance.

The Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is also uploaded on the website of the Company at

<https://www.asianpaints.com/more/investors/AnnualReportFY2021.html>

The Company also publishes Sustainability Report every year. The reports can be accessed using the following link:

<https://sustainability.asianpaints.com/sustainability/index.html>

PRINCIPLE 1**Business should conduct and govern themselves with Ethics, Transparency and Accountability**

The Company has an exhaustive Code of Conduct which is based upon the principles of Fairness, Ethics and Corporate Governance and covers ethics, bribery and corruption. The Company expects all the employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct which includes handling of actual or apparent conflicts of interest between personal and professional relationships, free from fraud and deception. The Code is applicable to employees of the Company and its subsidiaries and is to be affirmed on an 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.

The Company also has a Whistle Blower Policy under which an Ethics Committee comprising of the Managing Director & CEO, Compliance Officer and Head of the Human Resources function has been constituted for the purpose of receiving and investigating complaints from any employee/business associates. There is an "Asian Paints – Ethics Hotline" which is a tool to enable employees to report any instances of fraud, abuse, misconduct or malpractices at the workplace. This hotline is available for the Company as well as for all its subsidiaries including international subsidiaries in local languages.

The Company strives to ensure highest levels of adherence to principles of transparency and accountability through its policies like Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Employees, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information etc. The Company's practice of making timely, accurate, complete disclosure of relevant information has earned stakeholders' trust and respect.

The Company has leveraged technology to ensure that the process to adhere to the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information by the designated persons for making disclosures, seeking pre-clearances etc., is robust and user friendly. The Asian Paints Insider Trading Management System not only acts as a repository of relevant information but also provides an electronic platform for submission of statutory declarations by the designated persons, seeking trading approvals and sending out timely compliance reminders. Certain employees at a senior level in the Subsidiaries and Joint Venture Companies who may have access to unpublished price sensitive information are also covered as Designated Persons as per the Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

Business Responsibility Report (BRR) (Contd.)

The Company has always seen compliance with the applicable laws as its moral duty as a responsible corporate citizen and not just a risk mitigation measure. Therefore, compliance with the laws is pivotal in all its business decisions. In order to ensure this, the Company has a centralized compliance management cell which ensures applicable legal requirements are identified right at the concept stage and helps business teams gear up for compliance as they move ahead. Further, the Company has leveraged latest technology to implement a robust centralized compliance management system at each operating unit to educate operations teams about the applicable laws and compliance processes and to streamline the compliance reporting from these units to the senior management.

The Company has in place different mechanisms for receiving and dealing with complaints from different stakeholders viz. shareholders, customers, employees, vendors etc. There are dedicated resources to respond to the complaints within a time bound manner. During the year, your Company received 15 complaints from shareholders all of them have been resolved.

PRINCIPLE 2

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

Safety and environmental sustainability are integral parts of strong product development processes established by the Company. These processes are built on advanced IT platforms which enable Company's state-of-the-art Research & Technology Centre at Mumbai to screen and prevent entry of potentially hazardous raw materials right at the development stage. Research and Technology Centre also has a dedicated training academy that constantly focuses on educating and training employees in the area of 'green and sustainability'.

Under the Sustainability umbrella, the Company has continued its focus on introducing and upgrading products in the range of health and hygiene. Royale Health Shield Clear (Matt and Sheen variant) was introduced in this segment. This product is equipped with silver ion technology and also improves indoor air quality by reducing formaldehyde. Ezy CR8 Health Shield Single Coat was launched as DIY product in the health & hygiene space.

Apolite AllProtek is a revolutionary product designed to better the safety of consumers. It offers flame spread resistance along with décor and easy stain removal performance.

In the recent past, the Company has made focused efforts in the area of increasing the renewable content of the products and process innovation. Polyols and polymeric carbohydrates derived from renewable origin have been incorporated in products thereby increasing the renewable content of many products. This year renewable content has been increased in two of the resins and efforts to increase it further in other polymers and coatings is in progress. In this year, a major

breakthrough was achieved where renewable content in three large-volume products – Ace Exterior Emulsion, Tractor Emulsion Advanced, and Apcolite Enamel was increased from its current level by 20 to 60% from the prevalent levels.

In the year of pandemic filled with uncertainties, the Company decided to participate in the mission of preventing the spread of Covid by launching products in the domain of health and hygiene. Number of products like hand rubs, surface sanitizers and disinfectants have been launched. The focus was to create healthy living space for our consumers.

The Company is always committed to implementing newer processing methodologies that reduce overall energy consumption and cycle time.

The Company's recent focus was to –

- (i) improve the existing manufacturing process and
- (ii) establish new effective and efficient dispersion techniques.

Existing manufacturing process was improved by implementing a new way of adding thickener into water-based paints. This has helped in maximising the efficiency of the material.

A new online grinding technique was commissioned in the plant that enabled cycle time reduction and improvements in key raw material usage efficiency.

In the space of exterior coatings, the Company continuing its focus on providing sustainable solutions. In this year, the Company is creating a platform for designing a coating for glass façade used in commercial buildings. This product is capable of reflecting sunlight thereby reducing temperature inside the building.

Water proofing solution continued to be a focus area and several new products have been launched to prevent migration of water into the structure and improve the service life of residential and commercial construction.

In the adhesive category the Company launched TruGrip Dynamo with best-in-class performance properties meeting EN204-D3 durability class certification on water resistance. It offers no bubble finish (first in its segment) with faster workability and superior bond strength. TruGrip Dynamo is offered in a clutter breaking aesthetically designed innovative packaging.

Having established defined processes and protocols, all the new products launched by the Company are now low in Volatile Organic Compounds (VOCs) and free from heavy metals and respirable crystalline silica.

It has been more than a decade since we discontinued the use of lead-based raw materials in household and decorative paints. This initiative came long before the Government of India passed a legislation in 2016 restricting lead concentration in decorative paints to less than 90 ppm.

We have incorporated 'less than 90 ppm' in the artworks and labels of containers, as directed by the Ministry of Environment, Forests and Climate Change.

Corrosion is another area where Company is continuing its focus. The idea is to simplify the painting process and enable more and more consumers to do smaller painting works on their own. EZY CR8 Rust Shield Enamel is a spray paint that addresses 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, while maintaining the existing product properties. As part of process innovation, Research and Technology team has worked in collaboration with manufacturing on various cycle time reduction tracks. Through the use of data analytics in pigment dispersion and innovation in material addition and sequencing, the team achieved significant reduction in power consumption and cycle time.

The Company continues to accord highest priority in developing eco-friendly products which meet the best international standards such as GS 11 from Green Seal USA. The Company's internal green logo "Green Assure" on certain categories of products is a testimony of commitment to develop and market best of the class green product to ensure consumer safety as well as safeguarding environment.

Innovation has been the key driver for the Company to deliver world class products and technologies. Environment friendly processes and safety of the consumers has acted as catalysts at Research and Technology to innovate products and processes that improves health and safety of employees, consumers and society at large. Company has created a system to identify innovation pipeline and work on prototypes which helps in creating future products. All this is done within the framework of safety and sustainability.

Our Research and Technology division is where over 200 highly qualified scientists come together and share their insights in technological developments, to help us push the envelope year after year. Our state-of-the-art laboratories are spread across multiple locations around the world. Here is where most of our paint development and testing for architectural and industrial application takes place. We also have a microbiology lab, a modern instrumentation lab and a resin and functional polymer development lab.

With a view to reduce carbon footprint, the Company has implemented more efficient machinery at plants to reduce the power consumption and to reduce raw materials that are high contributors to produce carbon footprint.

The Company intends to educate its customers and employees about the safe use of its products. Product Information Sheets for all the major products are available on the Company's website. It contains the 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

Further, the Company ensures that all processes, plants, equipments, machineries and materials provided at plants are safe to the people as well as environment.

The Company has strategically created storage locations and introduced concept of Warehouse Management System for finished goods across the country for quick and easy serving and better transparency of stocks. The Company drives its distribution plan using an ERP (Enterprise Resource Planning) system to optimize freight cost. The Company sources majority of its transport requirements from local vendors at all locations. It also promotes suppliers wherever feasible, to set up their manufacturing near to your Company's manufacturing locations.

While setting up new factories/facilities for manufacturing of paints, the Company engages local persons for provision of certain services including construction of the facilities and operations thereafter. At certain locations, community development is also done by way of providing basic educational facilities and skill-sets for maintenance of livelihood to local population.

Measures for Waste Minimization are undertaken by the Company in all its factories. These measures are reviewed by the General Works Manager of the respective factory/manufacturing facility at a monthly interval and also by the Vice President of the Supply Chain function on six-monthly basis. Waste generated during the production operations, is disposed/recycled in compliance with the applicable environmental laws. Maximum efforts are made to reduce the quantum of waste-water generated due to cleaning operations in the factories. The trade effluent generated is treated in compliance with the applicable environmental laws and is recycled back into the production processes or discharged for landscaping/gardening/horticulture development purposes.

We have made a genuine effort to keep pace with the changing regulations around plastic waste management. Through our attempt at Extended Producer's Responsibility, we have been able to collect and recycle more than 2,700 tonnes of post-consumer flexible plastic across 15 states in India. This has been made possible by harnessing the capacity of waste pickers, collection centres, and recycling/co-processing plants that work in tandem.

PRINCIPLE 3

Businesses should promote the well being of all employees

Our organisation has a long standing practice of developing talent from within. Much of this can be attributed to living and espousing our values, employee-friendly policies and practices and nurturing a culture of shared vision and commitment.

Details of employees and contracted work force in India as on 31st March, 2021 are listed below:

Business Responsibility Report (BRR) (Contd.)

Sr. No.	Category of employees	Number of employees
1	Permanent employees	5,421
	a. Women employees	476
	b. Differently abled employees	6
	c. Other employees	4,939
2	Temporary employees	16,354
	a. Contract employees	16,170
	b. Temporary/casual employees	184

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 28% of permanent employees are under unionised category.

The Company's policy prohibits engaging of any child labour or involuntary labour. Thus, there were no complaints relating to child labour, forced labour and involuntary labour.

Safety & Health at the workplace

The safety and well-being of the Company's employees is paramount and non-negotiable. The Company follows industry accredited best practices on health & safety across our operations, and conduct all our processes in a responsible manner to safeguard our employees.

Establishing policies, plans and procedures aimed at reducing accident rates are important, but a strong safety culture emerges only when employees share the organisation's vision. At Asian Paints, we are building a culture where employees exhibit and practice safe behaviour.

Occupational Health and Safety is centrally governed by a 'Safety Council' and 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. The Company has in its staff, specially trained safety professionals along with trained line management. Health and Safety aspects are also covered in all its formal agreements with trade unions and contractors and are a part of the Settlement Book.

Some of the initiatives taken in the area of Health & Safety are listed below:

The Company has introduced new safety performance measurement metrics i.e. TRFR (Total Recordable Injury Frequency Rate) and TSR (Technical Safety Review) which is benchmarked against the top coating industries in the world. The coverage for the new metric is across organization. Company has achieved the targets taken in the year 2020-21.

Safety management systems have sought to control dangerous conditions, but unsafe activities cause 80-95 percent of injuries. The Behaviour Based Safety (BBS) initiative is a formal community-based prevention programme aimed at fostering a zero-accident culture.

The primary objective of BBS was to identify hidden habits and environmental factors that predisposed people to the cause. We studied and evaluated six and a half year events to access at-risk habits and environmental causes in order to operate an efficient behavior-based community.

The approach to implement BBS in the Company is focused on BBS Vision & Values, SUSA (Safe and Unsafe Act Conversation), HARP (Hazard Accident & Risk Prevention), and Personal Responsibility. Individuals were able to conduct their duties in a more responsible manner. Thanks to the BBS Vision and Values. HARP tool aided advantage to move away from at-risk behavior. SUSA data that focuses on finding the root cause of at-risk behavior & eliminating these before they have a chance to cause injuries. SUSA is critical to improving behaviour; one of the most valuable features of the tool was the ability to offer coaching on at-risk behaviours while still reinforcing healthy behaviours on the spot.

BBS initiative was taken at Ankleshwar and Patancheru in 2014 and 2016 respectively. As per the process, baseline assessment was carried out at both the plants to establish the maturity level and progress made. Both the plants have made significant improvement in the safety culture and have moved to next levels in the subsequent assessments. This initiative is now extended to rest six decorative plants.

Key highlights of the BBS activities done in last year

- SUSA/HARP observation are recorded in new IT platform i.e. i-safe.
- BBS Vision and Values launched, established across all plants.
- Line management review safety performance on monthly basis.
- Participative approaches adopted for design, modification, projects, etc.
- BBS refresher for plant leadership team, safety trainer and coaches developed.
- Just culture investigation training launched & now established across all plants.
- Safety culture internal assessor developed and assessment review and feedback session completed.
- Visual Impact Inspection - 5S implementation plan established across all plants.
- Internal safety culture assessment completed for five plants.
- The BBS initiative is extended to AP Global units now and UAE site is assessed.
- All the leaders in Supply Chain (General Works Managers, Chief Managers, General Managers and Vice President) have undergone a workshop on Safety

Culture Building. This programme is made for all leaders in the Supply Chain function before they assume their respective roles.

- All the decorative manufacturing plants follow the Asian Paints Safety Manual which is based on British Safety Council Specifications for Five Star Safety Audit.
 - In the year 2018-19, Rohtak plant successfully completed Five Star Safety Audit of the British Safety Council & was awarded with Sword of Honour.
 - In the year 2019-20, Sriperumbudur plant successfully completed Five Star Safety Audit from British Safety Council & was awarded with Sword of Honour.
 - In the year 2020-21, Ankleshwar plant successfully completed the Five Star Safety Audit from the British Safety Council & was certified with 5 star rating.
- In the year 2020-21, the Company decided to implement the process safety standards at manufacturing location. To start with Baseline assessment is completed at Ankleshwar and Khandala. The Company has engaged renowned consultant from British Safety Council for the said work. Implementation across site will be started from April 2021.
- The Occupational Health Centres (OHC) at Company's manufacturing locations is ahead of the regulatory requirements and the Company takes all possible measures to keep it up-to-date with latest devices and facilities. The OHC are equipped with the 2 full time medical officers and Paramedical staff 24x7.
- At our Regional Distribution Centres, Suraksha Sarvopari, a safety programme has been implemented which includes fire safety, electrical safety, safety audits etc. The units are graded monthly and an annual award is presented to the winning team. BBS techniques such as SUSA and HARP also streamlined. Find it and fit it unique initiative implemented which ensures inclusive participation from each level and helps to eliminate the unsafe conditions from the shop floor.
- For the Company sales warehouses, there is a similar programme implemented called Safety Stalwarts. The programme is aimed to sensitise workers on personal safety and 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. In this year, pilot assessment was done of bare minimum infrastructure (90 points) to strengthen safety system at Depots, which comprises of fire safety, electrical safety, material handling, etc. Outcome of the assessment is taken for the implementation in true spirit. Work has been started to make pilot safe role model warehouse.

- There were various type of safety and skill upgradation trainings conducted at plants, warehouses and offices for all permanent and contract employees.

Employee Wellness

In order to help and support our employees and their families through the difficult year that went by, the organization went above and beyond the call of duty through multiple measures.

- A helpline through a reputed service provider offering counselling services has been operational throughout the pandemic to help employees with any mental health issues arising out of this situation.
- A medical teleconsultation helpline has been launched to help employees with any medical issues that may have otherwise required them to go to hospitals. This helpline offers this service through experienced and well trained doctors.
- Wherever possible, employees have been assisted with finding suitable diagnostic centres and hospitals for COVID-19 related testing and treatment.
- The Company has also taken a special insurance cover for its employees against COVID-19 related expenses incurred by them.
- The Company has also decided to reimburse the cost of vaccination for its employees and their dependents.
- In general, the Company has propagated the messages of physical distancing, importance of masks, washing hands with soap, using hand sanitizers, etc. through multiple avenues and on multiple forums.

Through various employee wellness programs targeted at physical, mental and financial wellness as well as disease and ailment control, the organization has strived to ensure high morale among its workforce even through these difficult times. Some of these programs under different categories are mentioned below. These programs were organized for employees in sales locations, manufacturing locations, R&T centre in Turbhe and head office in Mumbai.

- Physical Wellness: Yoga, Step Challenges, Zumba, Sit ups and Push ups.
- Mental Wellness: Mindfulness, Emotional Wellness, Breaking stereotypes about mental health, Managing energy and Meditation.
- Financial Wellness: Financial habits for women, Tax Structures and Tax Planning, Expenses and Investments management.
- Disease and Ailment Control: Management of diabetes and thyroid, COVID-19 related precautions, Ergonomics in workspaces at home, diet & nutrition for sales employees and heart disease management.

Business Responsibility Report (BRR) (Contd.)

In 2020-21, the organization also enhanced the sum insured amount for all its employees in the Officer cadre. Further, the amount to be provided to employees' dependents in case of unfortunate death of employee was also enhanced through term insurance policy.

The Company has a well-defined policy for the prevention of sexual harassment and the policy has been implemented at both central as well as unit level. It ensures prevention and deterrence towards the commissioning of acts of sexual harassment and sets out the procedures for their resolution and settlement. A Committee has been constituted in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) which ensures implementation and compliance with the law as well as the policy at unit level. Further, there is an internal module in place to apprise all employees on the provisions of the POSH and redressal mechanisms. Workshops, as a part of new-joiner inductions or in general, are conducted in plants and units to sensitize employees on the subject. Internal Committee has been constituted at all locations with an empaneled 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 filed during the FY 2020-21: 1.
- Number of sexual harassment cases closed during the FY 2020-21 : 2 (1 complaint carried forward from FY 2019-20).

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, manufacturing excellence practices and overall plant improvement aspects. The relationship with the union has always been fair, and as a Company, we have not lost any man days on account of any major industrial relations incidents.

In addition to long term settlements, the Company has a robust employee relations agenda in plants with focus on growth, inclusive participation, and skill upgradation of these employees. The team members/operators through these programmes have taken up various supervisory roles and have grown in their career.

PRINCIPLE 4

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

Skill Development

Equipped with modern training facilities such as audio-visual classrooms, professional painting workshops, and painting

booths, the Asian Paints Colour Academy is a vocational training initiative. We are helping people to develop skills that may make them more employable and empowering them to leverage the emerging opportunities.

Operating at more than 45 locations across India, we offer training programs across a variety of areas like designer finishes, emulsions, metal care, mechanization, water proofing, wood finishes and wallpaper installation. This helps painters find better professional opportunities in the market. 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 trainings.



Colour Academies mobile and fixed academies had very limited and restricted movement due to pandemic, so we have introduced two modes of digital trainings:

- 1) Virtual Classroom trainings - Virtual trainings are conducted by the trainer and trainer demonstrates the application techniques, etc. Participants will join the meeting through video conferencing platform.
- 2) On demand trainings - Participant can attend the trainings at his convenient time. All the application videos and theory can be viewed and given assessments.

We have delivered 1 Lakh + digital trainings. In the financial year 2020-21, Colour Academies have conducted more than 1.99 Lakh trainings. Digital trainings introduced to reach out to more participants. We have also opened new Fixed Colour Academy at Lucknow and Mobile Colour Academy at Odisha.

For more details about the Academies and the courses being offered, please visit the following link:

<https://www.asianpaints.com/more/colour-academy.html>

Further, the Company also initiated the upskilling training of plumbers (in Himachal Pradesh) and carpenters (in Chennai Tamil Nadu) last year.

PRINCIPLE 5

Business should respect and promote human rights

The Company's Code of Conduct adheres to the principles of human rights as enshrined in the Universal Declaration of Human Rights of the United Nations and to act in accordance with the principles laid down in it. Several workshops explaining the principles enshrined in the Code of Conduct of your Company were organized for its employees.

No stakeholders complaints have been received in the past financial year.

PRINCIPLE 6

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

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

Our Environment, Health and Safety (EHS) Policy released by the MD & CEO is available on the Company's website at <https://www.asianpaints.com/footer-links/ehs-policy.html>.

Compliance to prevalent statutory requirements is a minimum performance standard as per our policy. Over and above this, we undertake a number of initiatives every year under our environment sustainability agenda covering the themes of natural resource conservation, energy and emissions and waste reduction across our manufacturing sites. Some of our key achievements in the FY 2020-21 for our eight decorative paint manufacturing facilities are given below. More details can be found in the Annual Sustainability report which is available on the Company's website at <https://sustainability.asianpaints.com/sustainability/>.

Natural Resource Conservation

Water

Appreciating that water is a shared resource with the community, our focus is on water management in the following three areas.

- Reduce overall Specific Water Consumption - Non process water consumption in our factories reduced by 58.9% since FY 2013-14.
- Reuse/Recycle wastewater back within the factories.
- Watershed management and community outreach programs thus making more water available for the communities than what we consume every year. 188% of the total water that we use in our manufacturing sites was made available for local communities this way.
- Water management processes have evolved across all the factories over the years, and it has resulted in improvements in key metrics of specific non-process water consumption and water neutrality.

Biodiversity

We make all efforts to run our factory operations in harmony with nature. As a first step, we meet the regulatory requirement for green belt development. To promote and

enhance regional biodiversity, we nurture a wide variety of local species of plants within our factories and also undertake a plethora of projects to replenish the water bodies in the region. Our factories in Sriperumbudur, Vizag and Mysuru have put in significant effort in the last few years to develop biodiversity areas within the site boundaries.

- Sriperumbudur factory - Owing to its biodiversity efforts, nurtures 171 species of flora & fauna, 45 native trees & shrubs species, 30 native herb species, 22 species of butterflies and 26 species of birds.
- Vizag factory - Development of fruit orchard and aromatic garden within the plant, leading to natural beautification of the landscape.
- Mysuru factory - The focus is on nurturing a green belt, afforestation of existing land, and encouraging biodiversity. Lush green landscape of over 53,000 trees developed within the plant. Conservation of a natural pond with a capacity of over 6,000 KL has also been achieved.

Energy consumption

At each of our manufacturing locations, we try to maximize the output from each unit of power by identifying and eliminating sub-optimal usage of electricity. Secondly, we reduce our energy requirement by optimizing our process and machinery, making them more energy efficient. Finally, we strive to substitute the conventional sources in our energy mix by investing in renewable alternatives like wind and solar energy. All our interventions are focused on this approach.

These interventions have led to significant achievements that have sustained over the years. For example,

- Specific power consumption per unit of production has reduced by 34.7% since FY 2013-14.
- Renewable energy consumption as a percentage of the total energy consumption is 55.98%.

Emissions reduction

We have been continuously working to improve the emissions by use of cleaner fuels (natural gas and LPG), improving our energy efficiency and enhancing our renewable energy portfolio.

Greenhouse Gases (GHG) emissions - Together our specific Scope 1 and 2 emissions have witnessed a reduction of 65.6% as compared to FY 2013-14.

Waste reduction

Waste generation, though small, is an area of continuous focus for minimization through the classical '3R' principles: Reduce, Reuse and Recycle. Systems and procedures have been developed through which we re-purpose used material and re-introduce such material into the production process.

Specific hazardous waste at our paint factories has reduced by 55.9% as compared to FY 2013-14.

Business Responsibility Report (BRR) (Contd.)

The Company has also effectively responded to the changing regulations around Plastic Waste Management. Our initiatives towards fulfilling our Extended Producer's Responsibility have resulted in collection and recycle of more than 2,700 tons of post-consumer flexible plastic across 15 States of India.

Environment Management System and Compliance

Our manufacturing facilities are ISO 14001 certified for its Environment Management System (EMS). As a part of the EMS, business and operational risks are assessed at the factories (through an Aspect-Impact study of various activities). The identified significant aspects have operational control procedure in place.

Systems and processes have also been set in place to communicate to the senior management about the environmental statutory compliance by each factory. The changes in regulations are monitored and incorporated in the overall processes.

Research & Technology (R&T) Function of your Company has played a significant role in the growth of your organization. The Company has continuously invested in R&T and has a dedicated team of scientists at the R&T Centre at Turbhe near Mumbai. In keeping with the trends world over, environment sustainability, renewability & freedom from toxicity are considered as the central tenets of new formulation design philosophy for decorative products. It supports your Company's strategy around technology development, development of substantially new products, productivity improvement and cost reduction.

PRINCIPLE 7

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

The Company is a member of many trade associations, some of them are:

- a) Confederation of Indian Industry (CII)
- b) Federation of Indian Chambers of Commerce and Industry (FICCI)
- c) Bombay Chamber of Commerce & Industry
- d) The Associated Chambers Of Commerce and Industry of India (ASSOCHAM)

The Company through the Indian Paint Association (IPA) has represented and worked towards the benefit and inclusive development policies for the Paint Industry as a whole.

The Company's scientists participate actively in meetings with statutory agencies like BIS (Bureau of Indian standards), Chemical Division Council and help evolving new standards for finished products and raw materials for human safety and environmental protection.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

Our Corporate Social Responsibility (CSR) approach is designed to bring about holistic development of communities. We strongly believe that CSR should not be a one-time engagement; rather, it has to bring about a social transformation in the life of our disadvantaged, vulnerable and marginalized stakeholders. All our CSR initiatives are strategically designed and monitored for tangible progress and achievement of targeted outcomes.

We proactively bring our employees into the volunteering space, making Asian Paints an integral part of every community that is our neighbour, and our CSR projects deliver significant outcomes.

The Company's manufacturing facilities engage in CSR initiatives and these projects primarily focus on the following areas: As a responsible organization focused on inclusive growth, your Company has steadfastly followed a proactive approach towards CSR. Your Company has been engaged in focused initiatives aimed at uplift of the communities residing in the vicinity of its facilities. In line with the Company's CSR philosophy, the Company undertook several initiatives during the year towards building a sustainable CSR model.

Health and hygiene, water management and education has been the thrust areas of your Company's CSR focus. While adhering to commitments on the diploma scholarships, maintenance of smart class infrastructure and classroom construction and teacher salaries, the Company has decided to focus more on water and skilling and phase out the education vertical.

Health & Hygiene

The Company has taken a holistic approach to primary healthcare by interlinking its initiatives for truckers and delivering medical services through mobile clinics and static clinics, ensuring better coverage of the CSR target populations. The Company also help them to access more advanced treatment through its referral facility and by raising awareness on government healthcare schemes for which they would be eligible. More than 55,000 people have benefitted due to these initiatives.

1. Nirog Static Clinics

The objective of this project is to provide affordable and accessible primary healthcare near our manufacturing locations. The Static Clinics focus on RMNCH+A (Reproductive, Maternal, Neonatal, Child Health and Adolescence), NCD (Non-Communicable Diseases - Diabetes and Hypertension), eye-care, and general OPD ailments.

- Four static clinics have been set up at Mysuru, Patancheru, Kasna and Khandala last year and resumed their operations by end of July 2020.

- Services provided during this year are general OPD, NCDs, ANC and treatment to minor ailments.
- Static clinic was launched in Vizag in October 2020.
- Major ailments treated are hypertension, arthritis, fever and respiratory infection.

2. Mobile Medical Units (MMU)

Through our Mobile Medical Units (MMU) we reach out to communities in 7 locations (Kasna, Rohtak, Patancheru, Sriperumbudur, Vizag, Khandala, Mysuru).

Our MMUs provide consultations, free medicines, basic diagnostics, referral to government hospitals. The MMUs also conduct sessions in the community like awareness and quiz sessions on health. Speciality camps are conducted every quarter wherein Company’s employees also volunteers.

- The Company has six MMUs with HelpAge in six plant locations and one MMU in Vizag with Piramal Swasthya.
- For COVID-19 relief, MMUs were deployed in Khandala, Mysore and Vizag to the district administration.
- Major ailments treated are hypertension and diabetes.

3. Healthcare for Truckers

Through Safar, we provide free consultation and medicines to truck drivers. We also try to bring about behavioural change through dialogue-based inter-personal communication, awareness programmes, games and street play.

- The Company caters to healthcare of truckers at seven locations.
- Services for the year are general check-ups, awareness on COVID-19 and promoting healthy lifestyle.
- Major ailments treated are related to orthopedic, respiratory infection and skin problems.

Water Management

The Company realize that water is a fast depleting resource and therefore a major share of CSR funds have been utilized to improve water security in the areas where it operate. As a result the Company has been able to replenish more than 10 lakh KLs of water during the previous year. The initiatives taken on water management are summarized below

i. Water replenishment and conservation inside factory premises

- Rainwater Collection and Conservation

- Reduced Usage of Non-Process Water
- Water-Saving Technology

ii. Water replenishment and conservation outside factory premises

- Pond Restoration
- Phytoremediation
- Check Dam and Lake Desilting
- Integrated Watershed Development

Your Company has taken various steps to ensure that the CSR initiatives undertaken are successfully adopted by the community. The relevant stakeholders in the local community are involved during needs assessment, project planning and implementation. Feedback is collected from the beneficiaries of the projects and course corrections are taken based on the same, wherever necessary.

Further details on Company’s CSR initiatives during the year have been covered in another 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 places customer delight at centre of all its business endeavors and has taken several initiatives in this regard including setting up a Customer Centricity Department which carries out consumer survey/consumer satisfaction trends regularly.
- During the year while there were no cases filed by the stakeholder in relation to unfair trade practices, 70 consumers related legal cases have been filed against the Company as on the end of the financial year.
- The Company ensures that all the information as required to be displayed on the product labels as per the applicable rules and regulations are properly displayed. Further, product information is available in the Product Information Sheet that is available with the dealers of the Company and on the website of the Company.
- During the year the Company received a notice regarding misleading advertisement which was replied to the satisfaction to the authority and the matter was closed. Further, the Competition Commission of India passed a *prima facie* order dated 14th January, 2020, directing the Director General to cause an investigation against the Company, under the provisions of the Competition Act, 2002, basis information received from a competitor. The investigation is still underway and the Company has been fully co-operating with the authorities.

Independent Auditor's Report

To the Members of Asian Paints Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of Asian Paints Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement 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 2021, 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 audit opinion on the Standalone Financial Statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

The Key Audit Matter	How was the matter addressed in our audit
Revenue recognition (Refer note 1.3 (f) and 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 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.

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 Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that

are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial 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.

Independent Auditor's Report (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 by the Company.
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

Abhijit A. Damle

Partner

Membership No 102912

UDIN: 21102912AAAADB5491

Mumbai

May 12, 2021

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, 2021 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, 2021, 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

Abhijit A. Damle

Partner

Mumbai
May 12, 2021

Membership No 102912
UDIN: 21102912AAAADB5491

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 Right of Use Assets 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, 2021 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, 2021 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 under involved (₹ in crores)	Amount Unpaid (₹ In crores)
Income Tax	IT Matters under dispute	CIT (A)	A.Y. 2017-18	77.18	37.96
		CIT (A)	A.Y. 2016-17	67.40	51.23
		Tribunal / CIT (A)	A.Y. 2015-16	13.92	6.05
		Tribunal / CIT (A)	A.Y. 2014-15	9.72	-
		Tribunal / CIT (A)	A.Y. 2013-14	2.61	-
		Tribunal / CIT (A)	A.Y. 2012-13	2.92	-
		Assessing Officer	A.Y. 2006-07	0.82	-
		High Court	A.Y. 2007-08	0.09	0.09
		Assessing Officer	A.Y. 2009-10	0.11	0.11
		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				175.61	96.20
Sales tax	Assessment Dues	Assessing Authority	F.Y. 1997-98	79.76	77.95
			F.Y. 2000-01 to F.Y. 2002-03		
			F.Y. 2004-05 to F.Y. 2015-16		
			F.Y. 2016-17 to F.Y. 2017-18		
		First Appellate level	F.Y. 1997-98 to F.Y. 1998-99	30.51	25.00
			F.Y. 2000-01 to F.Y. 2016-17		
		Second Appellate level	F.Y. 2013-14	0.01	-
			F.Y. 2017-18		
		Tribunal	F.Y. 1991-92	16.51	10.46
			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				
	F.Y. 2016-17				
High Court	F.Y. 1993-94	1.25	0.61		
	F.Y. 2000-01 to F.Y. 2005-06				
	F.Y. 2007-08				
Supreme Court	F.Y. 1992-93	0.16	0.16		
	F.Y. 1993-94				
Total B				128.20	114.18
Central Excise Act, 1944, Finance Act, 1994 and Customs Act, 1962	Assessment Dues	Adjudicating Authority	F.Y. 2020-21	0.33	-
		First Appellate	F.Y. 1986-87	2.28	1.87
			F.Y. 1996-97		
	F.Y. 2005-06 to F.Y. 2011-12				
	F.Y. 2013-14 to F.Y. 2016-17				
	F.Y. 2018-19 to F.Y. 2020-21				
Tribunal	F.Y. 2005-06 to F.Y. 2016-17	6.84	5.18		
	F.Y. 2018-19				
Total C				9.45	7.05
Total (A+B+C)				313.26	217.43

Annexure B to Independent Auditors' Report (Contd.)

- 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 bankers and government. The Company did not have any outstanding dues to financial institutions and debenture holders 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

Abhijit A. Damle
Partner

Mumbai
May 12, 2021

Membership No 102912
UDIN: 21102912AAAADB5491

Balance Sheet

as at 31st March, 2021

(₹ in Crores)

	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-Current assets			
Property, Plant and Equipment	2A	3,810.94	4,148.60
Right of Use Asset	2B	714.79	726.63
Capital work-in-progress		110.11	108.09
Goodwill	3A	35.36	35.36
Other Intangible Assets	3B	41.52	50.27
Investments in Subsidiaries and Associates	4	1,176.99	1,176.99
Financial Assets			
Investments	4	984.95	1,048.59
Loans	5	57.02	64.11
Other Financial Assets	6	522.17	232.47
Current Tax Assets (Net)	7	132.84	137.94
Other Non-current assets	8	39.44	32.87
		7,626.13	7,761.92
Current assets			
Inventories	9	3,124.61	2,827.47
Financial Assets			
Investments	4	3,178.81	432.35
Trade Receivables	10	1,809.75	1,109.22
Cash and Cash Equivalents	11A	113.27	336.96
Other Balances with Banks	11B	21.64	39.10
Loans	5	24.55	21.31
Other Financial Assets	6	1,237.50	846.96
Other Current Assets	8	446.41	212.33
		9,956.54	5,825.70
Total Assets		17,582.67	13,587.62
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	95.92	95.92
Other Equity	13	11,995.18	9,357.37
		12,091.10	9,453.29
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	14	14.31	18.50
Lease Liabilities	15	468.73	496.22
Other Financial Liabilities	16	1.09	0.46
Provisions	17	163.51	136.78
Deferred Tax Liabilities (Net)	18C	265.19	282.68
Other Non-current Liabilities	19	3.41	4.64
		916.24	939.28
Current Liabilities			
Financial Liabilities			
Lease Liabilities	15	157.22	142.43
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	20	53.55	45.86
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	20	2,760.75	1,714.22
Other Financial Liabilities	16	1,284.48	1,118.89
Other Current liabilities	19	173.73	80.92
Provisions	17	57.91	44.14
Current Tax Liabilities (Net)	21	87.69	48.59
		4,575.33	3,195.05
Total Equity and Liabilities		17,582.67	13,587.62
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 **Deloitte Haskins & Sells LLP**

Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle

Partner
Membership No: 102912

Mumbai
12th May, 2021

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani

Chairman
DIN: 00009126

M.K. Sharma

Chairman of Audit Committee
DIN:00327684

Mumbai
12th May, 2021

Amit Syngle

Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan

CFO & Company Secretary

Statement of Profit and Loss

for the year ended 31st March, 2021

(₹ in Crores)

Particulars	Notes	Year 2020-21	Year 2019-20
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	22A	18,252.46	17,025.26
Revenue from Sale of Services	22A	27.60	0.35
Other Operating Revenue	22A	236.80	168.48
Other Income	23	366.32	357.54
Total Income (I)		18,883.18	17,551.63
EXPENSES			
Cost of Materials Consumed	24A	8,524.17	8,432.51
Purchases of Stock-in-Trade	24B	1,649.06	1,283.88
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	24C	(90.70)	(210.21)
Employee Benefits Expense	25	1,128.66	985.43
Other Expenses	26	2,812.48	2,845.44
Total (II)		14,023.67	13,337.05
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)			
Finance Costs	27	71.66	78.38
Depreciation and Amortisation Expense	28	697.47	689.97
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX			
Exceptional Items	43	-	33.20
PROFIT BEFORE TAX			
		4,090.38	3,413.03
Tax Expense	18		
(1) Current Tax		1,052.72	871.15
(2) Short tax provision for earlier years		6.46	5.66
(3) Deferred Tax		(21.31)	(117.73)
Total tax expense		1,037.87	759.08
PROFIT AFTER TAX			
		3,052.51	2,653.95
OTHER COMPREHENSIVE INCOME (OCI)			
A Items that will not be reclassified to Profit or Loss			
(a) (i) Remeasurement of the defined benefit plans		(5.32)	(10.83)
(ii) Income tax benefit on remeasurement benefit of defined benefit plans		1.34	1.01
(b) (i) Net fair value gain on investments in equity instruments through OCI		57.26	66.44
(ii) Income tax expense on net fair value gain on investments in equity instruments through OCI		(4.88)	(8.71)
B Items that will be reclassified to Profit or Loss			
(i) Net fair value gain on investments in debt instruments through OCI		2.41	2.81
(ii) Income tax expense on net fair value gain on investments in debt instruments through OCI		(0.28)	(0.32)
Total Other Comprehensive Income (A+B)			
		50.53	50.40
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		3,103.04	2,704.35
Earnings per equity share (Face value of ₹ 1 each)	40		
(1) Basic (in ₹)		31.82	27.67
(2) Diluted (in ₹)		31.82	27.67
Significant accounting policies and key accounting estimates and judgements			
See accompanying notes to the Financial Statements			

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

F.R.N: 117366W/W-100018

Abhijit A. Damle

Partner

Membership No: 102912

Mumbai

12th May, 2021For and on behalf of the Board of Directors of **Asian Paints Limited**

CIN:L24220MH1945PLC004598

Ashwin Dani

Chairman

DIN: 00009126

M.K. Sharma

Chairman of Audit Committee

DIN:00327684

Mumbai

12th May, 2021**Amit Syngle**

Managing Director & CEO

DIN:07232566

R.J. Jeyamurugan

CFO & Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2021

A) EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
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, 2019 (A)	44.38	0.50	4,166.74	4,424.53	(0.01)	110.90	8,747.04
Additions during the year :							
Profit for the year	-	-	-	2,653.95	-	-	2,653.95
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(9.82)	-	-	(9.82)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	57.73	57.73
Net fair value gain on investments in debt instruments through OCI	-	-	-	-	2.49	-	2.49
Total Comprehensive Income for the year 2019-20 (B)	-	-	-	2,644.13	2.49	57.73	2,704.35
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(1,740.95)	-	-	(1,740.95)
Income tax on dividend (Refer note 30)	-	-	-	(353.07)	-	-	(353.07)
Total (C)	-	-	-	(2,094.02)	-	-	(2,094.02)
Balance as at 31st March, 2020 (D) = (A+B+C)	44.38	0.50	4,166.74	4,974.64	2.48	168.63	9,357.37
Additions during the year :							
Profit for the year	-	-	-	3,052.51	-	-	3,052.51
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(3.98)	-	-	(3.98)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	52.38	52.38
Net fair value gain on investments in debt instruments through OCI	-	-	-	-	2.13	-	2.13
Total Comprehensive Income for the year 2020-21 (E)	-	-	-	3,048.53	2.13	52.38	3,103.04
Reductions during the year :							
Dividends (Refer note 30)	-	-	-	(465.23)	-	-	(465.23)
Total (F)	-	-	-	(465.23)	-	-	(465.23)
Balance as at 31st March, 2021 (D+E+F)	44.38	0.50	4,166.74	7,557.94	4.61	221.01	11,995.18

Significant accounting policies and key accounting estimates and judgements (Refer note 1)

See accompanying notes to the Financial Statements (Refer note 2-46)

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
12th May, 2021

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN: 00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Mumbai
12th May, 2021

Amit Syngle
Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan
CFO & Company Secretary

Cash Flow Statement

for the year ended 31st March, 2021

(₹ in Crores)

	Year 2020-21	Year 2019-20
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,090.38	3,413.03
Adjustments for:		
Depreciation and amortisation expense	697.47	689.97
Interest income	(41.20)	(41.67)
Dividend income	(16.45)	(34.73)
Finance costs	71.66	78.38
Allowance for doubtful debts and advances	27.90	15.27
Bad debts written off	0.56	6.18
Deferred income arising from government grant	(2.28)	(1.64)
Net unrealised foreign exchange (gain)/ loss	(16.73)	36.74
(Gain) on sale of property, plant and equipment (net)	(18.37)	(10.50)
Net gain on modification/ termination of leases	(1.72)	(0.96)
Net gain arising on financial assets measured at fair value through profit or loss (FVTPL)	(92.28)	(75.26)
Impairment loss on non-current investments - subsidiaries	-	33.20
Other non cash adjustment	-	8.01
Operating Profit before working capital changes	4,698.94	4,116.02
Adjustments for :		
(Increase)/Decrease in trade receivables	(724.39)	116.12
(Increase)/Decrease in financial assets	(242.73)	18.85
(Increase) in inventories	(297.14)	(242.37)
(Increase)/Decrease in other assets	(234.99)	95.82
Increase/(Decrease) in trade and other payables	1,234.30	(368.18)
Increase in provisions	40.50	10.16
Cash generated from Operating activities	4,474.49	3,746.42
Income Tax paid (net of refund)	(1,014.99)	(933.35)
Net Cash generated from Operating activities	3,459.50	2,813.07
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(210.56)	(306.43)
Sale of Property, plant and equipment (including advances)	25.56	26.35
Payment for acquiring right of use assets	(7.14)	(9.79)
Loan given to subsidiary	(1.85)	(6.25)
Purchase of non-current investments - Subsidiaries	-	(379.84)
Purchase of non-current investments - others	(0.50)	(24.95)
Sale of non-current investments	272.32	85.50
Purchase of term deposits	(897.11)	(489.02)
Proceeds from maturity of term deposits	458.01	222.53
Sale of current investments (net)	(139.34)	31.26
Interest received	47.21	41.26
Dividend received from subsidiaries	8.64	8.13
Dividend received from others	7.81	26.60
Net Cash (used in) Investing activities	(436.95)	(774.65)

Cash Flow Statement (Contd.)

for the year ended 31st March, 2021

(₹ in Crores)

	Year 2020-21	Year 2019-20
(C) CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) of non-current borrowings	(5.90)	-
Proceeds from non-current borrowings	1.96	17.86
Acceptances (net)	115.17	(202.80)
Repayment of lease liabilities	(158.71)	(148.72)
Finance costs paid	(69.36)	(76.78)
Dividend and Dividend tax paid	(466.06)	(2,090.41)
Net Cash (used in) Financing activities	(582.90)	(2,500.85)
(D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	2,439.65	(462.43)
Add: Cash and cash equivalents as at 1 st April	693.93	1,156.36
Cash and cash equivalents as at 31st March	3,133.58	693.93

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 Flow.
- (b) In the presentation of the Cash Flow Statement for the year ended 31st March, 2020, in cash flows from financing activities, net cash outflows relating to acceptances of ₹ 202.80 crores were incorrectly reported as net cash inflows with a consequential impact on decrease in trade and other payables in the cash flows from operating activities. The Cash Flow Statement for the corresponding period (i.e. year ended 31st March, 2020) has been corrected in the Financial Statements for the current year to reflect this. There is no impact on any other line item in the Financial Statements.

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
(c) Cash and Cash Equivalents comprises of		
Cash on hand	0.02	0.04
Balances with Banks:		
- Current Accounts	81.62	131.32
- Cash Credit Account	12.27	205.60
Cheques, draft on hand	19.36	-
Cash and cash equivalents (Refer note 11A)	113.27	336.96
Add: Investment in liquid mutual funds [Refer note 4II (B)(ii)]	3,020.31	356.97
Cash and cash equivalents in Cash Flow Statement	3,133.58	693.93

Significant accounting policies and key accounting estimates and judgements (Refer note 1)**See accompanying notes to the Financial Statements** (Refer note 2-46)

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

F.R.N: 117366W/W-100018

Abhijit A. Damle

Partner

Membership No: 102912

Mumbai

12th May, 2021For and on behalf of the Board of Directors of **Asian Paints Limited**

CIN:L24220MH1945PLC004598

Ashwin Dani

Chairman

DIN: 00009126

M.K. Sharma

Chairman of Audit Committee

DIN:00327684

Mumbai

12th May, 2021**Amit Syngle**

Managing Director & CEO

DIN:07232566

R.J. Jeyamurugan

CFO & Company Secretary

Notes to the Financial Statements

for the year ended 31st March, 2021

COMPANY BACKGROUND

Asian Paints Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home décor, bath fittings and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant Accounting Policies:

1.1. Basis of preparation of Financial Statements

These Financial Statements are the separate Financial Statements of the Company (also called Standalone Financial Statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these Financial Statements.

1.2. Current / Non-Current Classification

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

- i. the asset/liability is expected to be 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.

1.3. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. 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

Notes to the Financial Statements (Contd.)

of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of items of property, plant and equipment is mentioned below:

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

Freehold land is not depreciated. Leasehold improvements are 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. 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 derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognised.

d) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not 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 derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognised.

e) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to 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 décor services / painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

Notes to the Financial Statements (Contd.)

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

g) Government grants and subsidies

Recognition and Measurement:

The Company is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are 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.

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.

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. 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 Company excluding investments in subsidiary and associate companies

Notes to the Financial Statements (Contd.)

(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.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to 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.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables 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, 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 derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender

on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognized in the Statement of Profit and Loss.

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.

Notes to the Financial Statements (Contd.)

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 1.3(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 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.

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:

Notes to the Financial Statements (Contd.)

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.

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

Assets taken on lease:

The Company mainly has lease arrangements for land and building for offices, warehouse spaces and retail stores and vehicles.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the Company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease

payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The Company has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

Notes to the Financial Statements (Contd.)

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.

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.

1.4. Key accounting estimates and judgements

The preparation of the Company's Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a) **Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes,

including amount expected to be paid/recovered for uncertain tax positions (Refer note 18).

b) **Business combinations and intangible assets**

Business combinations are accounted for using IND AS 103, Business Combinations. IND AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

c) **Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d) **Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account

past experience and represent management's best estimate about future developments.

e) Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 38, '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.

g) Right-of-use assets and lease liability

The Company has exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

Notes to the Financial Statements (Contd.)

NOTE 2A : PROPERTY, PLANT AND EQUIPMENT

	Gross carrying value			Depreciation/Amortisation			Net carrying value	
	As at 01.04.2020	Additions during the year	Deductions / Adjustments	As at 31.03.2021	As at 01.04.2020	Additions during the year	Deductions / Adjustments	As at 31.03.2021
Freehold Land	180.13	0.20	-	180.33	-	-	-	180.33
Buildings	1,353.74	9.48	2.51	1,360.71	160.67	62.83	1.16	222.34
Plant and Equipment	3,742.43	128.55	3.25	3,867.73	1,191.10	377.46	2.61	1,565.95
Scientific Research :								
Buildings	71.28	-	-	71.28	9.56	2.74	-	12.30
Equipment	69.93	1.60	0.14	71.39	32.28	8.27	0.14	40.41
Leasehold Improvements	0.27	-	-	0.27	0.02	0.03	-	0.05
Furniture and Fixtures	66.99	5.45	0.19	72.25	32.62	8.59	0.16	41.05
Vehicles	2.96	0.08	-	3.04	1.10	0.54	-	1.64
Office Equipment	67.62	5.82	2.57	70.87	38.44	10.49	2.46	46.47
Leasehold improvements	8.92	-	-	8.92	6.86	1.45	-	8.31
Information Technology Hardware	169.66	11.11	5.86	174.91	112.68	25.37	5.81	132.24
Total	5,733.93	162.29	14.52	5,881.70	1,585.33	497.77	12.34	2,070.76
								3,810.94
	Gross carrying value			Depreciation/Amortisation			Net carrying value	
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020
Freehold Land	171.70	8.43	-	180.13	-	-	-	180.13
Buildings	1,333.73	21.71	1.70	1,353.74	112.96	47.98	0.27	160.67
Plant and Equipment	3,599.20	158.84	15.61	3,742.43	815.64	378.84	3.38	1,191.10
Scientific Research :								
Buildings	71.28	-	-	71.28	6.83	2.73	-	9.56
Equipment	66.12	3.82	0.01	69.93	23.86	8.43	0.01	32.28
Leasehold Improvements	-	0.27	-	0.27	-	0.02	-	0.02
Furniture and Fixtures	62.71	4.64	0.36	66.99	24.41	8.48	0.27	32.62
Vehicles	1.61	1.35	-	2.96	0.71	0.39	-	1.10
Office Equipment	55.03	13.23	0.64	67.62	29.12	9.86	0.54	38.44
Leasehold improvements	9.37	-	0.45	8.92	5.39	1.92	0.45	6.86
Information Technology Hardware	161.48	8.68	0.50	169.66	82.69	30.47	0.48	112.68
Total	5,532.23	220.97	19.27	5,733.93	1,101.61	489.12	5.40	1,585.33
								4,148.60

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 31 (b).

NOTE 2B : RIGHT OF USE ASSETS

(₹ in Crores)

Movement in net carrying amount	2020-21			2019-20				
	Leasehold Land	Building	Vehicles	Total	Leasehold Land	Building	Vehicles	Total
Net Carrying Amount								
Balance at 1 st April	148.35	576.04	2.24	726.63	149.95	547.96	2.70	700.61
Additions	-	184.75	0.41	185.16	0.19	229.19	1.15	230.53
Depreciation	1.79	173.24	0.86	175.89	1.79	169.81	1.43	173.03
Deletions	-	20.68	0.43	21.11	-	31.30	0.18	31.48
Balance at 31st March	146.56	566.87	1.36	714.79	148.35	576.04	2.24	726.63

Notes to the Financial Statements (Contd.)

NOTE 3 : INTANGIBLE ASSETS (ACQUIRED SEPARATELY)

	Gross carrying value				Amortisation			Net carrying value	
	As at 01.04.2020	Additions during the year	Deductions / Adjustments	As at 31.03.2021	As at 01.04.2020	Additions during the year	Deductions / Adjustments	As at 31.03.2021	As at 31.03.2021
A. GOODWILL									
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	35.36	-	-	35.36	-	-	-	-	35.36
B. OTHER INTANGIBLE ASSETS									
Trademark	0.94	0.45	-	1.39	0.94	0.02	-	0.96	0.43
Computer Software	179.47	14.61	0.08	194.00	129.21	23.78	0.07	152.92	41.08
Scientific Research :									
Computer Software	0.16	0.01	-	0.17	0.15	0.01	-	0.16	0.01
Total (B)	180.57	15.07	0.08	195.56	130.30	23.81	0.07	154.04	41.52
Total (A+B)	215.93	15.07	0.08	230.92	130.30	23.81	0.07	154.04	76.88
	(₹ in Crores)								
	Gross carrying value				Amortisation			Net carrying value	
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2020
A. GOODWILL									
Goodwill (Refer note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	35.36	-	-	35.36	-	-	-	-	35.36
B. OTHER INTANGIBLE ASSETS									
Trademark	0.94	-	-	0.94	0.76	0.18	-	0.94	-
Computer Software	156.00	23.47	-	179.47	101.59	27.62	-	129.21	50.26
Scientific Research :									
Computer Software	0.15	0.01	-	0.16	0.13	0.02	-	0.15	0.01
Total (B)	157.09	23.48	-	180.57	102.48	27.82	-	130.30	50.27
Total (A+B)	192.45	23.48	-	215.93	102.48	27.82	-	130.30	85.63

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 31 (b).

NOTE 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-

	As at 31.03.2021	As at 31.03.2020
Bath Fittings Business	35.36	35.36

(₹ in Crores)

The recoverable amount of this CGU for impairment testing is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five-year period (Previous year - five year), as the Company believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows.

As at 31st March 2021 and 31st March 2020, goodwill in respect of Bath Fittings Business was not impaired.

Key Assumptions used for value in use calculations are as follows:

	As at 31.03.2021	As at 31.03.2020
Compounded average net sales growth rate for five-year period (Previous year - five year)	25%	26%
Growth rate used for extrapolation of cash flow projections beyond the five-year period (Previous year - five year)	4%	4%
Discount rate	12.25%	12.25%

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 (Contd.)

NOTE 4: INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current		Current		
			As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	
I. NON-CURRENT INVESTMENTS							
A. Investments in Equity Instruments							
(a) Unquoted equity shares							
(i) Subsidiaries (measured at cost, Refer note 1.3(i))							
(a)	Asian Paints Industrial Coatings Limited	3,04,50,000	10	30.45	30.45	-	-
(b)	Asian Paints International Private Limited	42,78,75,387		706.44	706.44	-	-
(c)	Asian Paints (Nepal) Private Limited	32,54,310	NPR 10	0.12	0.12	-	-
(d)	Maxbhumi Developers Limited	4,19,000	10	15.55	15.55	-	-
	Less: Impairment loss (Refer note 43)			(3.50)	(3.50)	-	-
				12.05	12.05		
(e)	Sleek International Private Limited	2,04,273	10	249.61	249.61	-	-
	Less: Impairment loss (Refer note 43)			(95.00)	(95.00)	-	-
				154.61	154.61		
(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	-	-
				1,095.56	1,095.56		
(ii) Associate (measured at cost, Refer note 1.3(ii))							
	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)				1,176.99	1,176.99	-	-
(iii) Other equity shares measured at FVTPL				1.07	1.07	-	-
Total Unquoted equity shares				1,178.06	1,178.06	-	-
(b) Quoted equity shares measured at FVTOCI							
	Akzo Nobel India Limited	20,10,626	10	461.65	444.96	-	-
	Housing Development Finance Corporation Limited	4,65,000	2	116.16	75.94	-	-
	Apcotex Industries Limited	34,180	2	0.61	0.26	-	-
Total Quoted equity shares				578.42	521.16	-	-
Total Investments in Equity Instruments other than Investments in subsidiaries and associate (a(iii) + b)			A	579.49	522.23	-	-
B. Investments in Unquoted Government securities measured at amortised cost			B	*	*	-	-
* [₹ 39,500/- (As at 31 st March, 2020 - ₹ 39,500)]							
C. Investments in Quoted Debentures or Bonds measured at FVTOCI				81.35	106.77	28.33	0.50
Amount included under the head "Current Investments"				-	-	(28.33)	(0.50)
Total Investments in Debentures or Bonds - Quoted			C	81.35	106.77	-	-
D. Investments in Quoted Mutual Funds measured at FVTPL				324.11	419.59	130.17	74.88
Amount included under the head "Current Investments"				-	-	(130.17)	(74.88)
Total Investments in Mutual Funds - Quoted			D	324.11	419.59	-	-
Total Non-Current Investments (A+B+C+D) (other than Investments in subsidiaries and associate)				984.95	1,048.59	-	-
Aggregate amount of quoted investments - At cost				375.70	506.82	-	-
Aggregate amount of quoted investments - At market value				983.88	1,047.52	-	-
Aggregate amount of unquoted investments				1,178.06	1,178.06	-	-
Aggregate amount of impairment in value of investments				98.50	98.50	-	-

NOTE 4 : INVESTMENTS (Contd.)

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current		Current	
			As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
II. CURRENT INVESTMENTS						
A. Investments in Quoted Debentures or Bonds measured at FVTOCI						
Current Portion of Long Term Investments (Refer note 4(I)(C))		A	-	-	28.33	0.50
B. Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))			-	-	130.17	74.88
ii. Investments in Liquid Mutual Funds			-	-	3,020.31	356.97
Total Investments in Mutual Funds - Quoted (i+ii)		B	-	-	3,150.48	431.85
Total Current Investments (A+B)			-	-	3,178.81	432.35
Aggregate amount of quoted investments - At cost			-	-	3,119.32	380.69
Aggregate amount of quoted investments - At market value			-	-	3,178.81	432.35

NOTE 5 : LOANS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
UNSECURED AND CONSIDERED GOOD				
(a) Sundry deposits	57.02	64.11	14.77	13.38
(b) Loan to a related party				
Loan to Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno') (wholly owned subsidiary) (Refer note 41)	-	-	9.78	7.93
Total	57.02	64.11	24.55	21.31

NOTE 6 : OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Royalty receivable (Refer note 41)	-	-	62.98	59.30
Less: Allowance for doubtful debts and advances	-	-	(4.13)	-
			58.85	59.30
Due from subsidiary companies (Refer note 41)	-	-	21.04	15.80
Less: Allowance for doubtful debts and advances	-	-	(2.75)	(1.27)
			18.29	14.53
Due from associate Company (Refer note 41)	-	-	0.79	2.10
Subsidy receivable from state government	521.56	232.39	18.08	144.54
Term deposits held as margin money against bank guarantee and other commitments	0.07	0.08	-	-
Bank deposits with more than 12 months of original maturity	-	-	913.85	464.08
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.99	4.01
Quantity discount receivable	-	-	221.14	158.40
Forward exchange contract (net)	-	-	0.88	-
Retention monies receivable from Customers	0.54	-	1.63	-
Total	522.17	232.47	1,237.50	846.96

Notes to the Financial Statements (Contd.)

NOTE 7 : CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Advance payment of income tax (net)	132.84	137.94	-	-
Total	132.84	137.94	-	-

NOTE 8 : OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Capital advances	13.91	8.26	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	25.53	24.61	93.31	111.03
ii) Balances with government authorities	-	-	342.47	91.97
iii) Advances to employees	-	-	3.08	4.05
iv) Duty credit entitlement	-	-	1.05	1.26
v) Other Receivables	-	-	6.50	4.02
Total	39.44	32.87	446.41	212.33

NOTE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
(a) Raw materials	812.62	714.54
Raw materials-in-transit	225.46	149.72
	1,038.08	864.26
(b) Packing materials	68.86	46.80
Packing materials-in-transit	-	0.09
	68.86	46.89
(c) Work-in-progress	120.57	81.67
(d) Finished goods	1,406.75	1,342.58
Finished goods-in-transit	0.71	2.78
	1,407.46	1,345.36
(e) Stock-in-trade (acquired for trading)	318.98	333.88
Stock-in-trade (acquired for trading) in-transit	41.12	36.52
	360.10	370.40
(f) Stores, spares and consumables	129.00	118.67
Stores, spares and consumables-in-transit	0.54	0.22
	129.54	118.89
Total	3,124.61	2,827.47

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 ₹ 14.58 crores (Previous year - ₹ 30.90 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.

NOTE 10 : TRADE RECEIVABLES

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
Trade receivables		
(a) Unsecured, considered good	1,809.75	1,109.22
(b) Unsecured, considered doubtful	58.19	35.90
	1,867.94	1,145.12
Less: Allowance for unsecured doubtful debts	(58.19)	(35.90)
Total	1,809.75	1,109.22

NOTE 11 : CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(A) CASH AND CASH EQUIVALENTS				
(a) Balances with Banks				
(i) Current Accounts	-	-	81.62	131.32
(ii) Cash Credit Account ##	-	-	12.27	205.60
(b) Cheques, drafts on hand	-	-	19.36	-
(c) Cash on hand	-	-	0.02	0.04
Total	-	-	113.27	336.96
(B) OTHER BALANCES WITH BANKS				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	-	-	-	16.63
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	-	-	21.64	22.47
(iii) Term deposits held as margin money against bank guarantee and other commitments	0.07	0.08	-	-
	0.07	0.08	21.64	39.10
Amount included under the head "Other Financial Assets"	(0.07)	(0.08)	-	-
Total	-	-	21.64	39.10

Secured by hypothecation of inventories and trade receivables and carries interest rate @ 7.05% p.a (as at 31st March, 2020 the rate was 8.10% p.a.)

* The Company can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

Notes to the Financial Statements (Contd.)

NOTE 12 : EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
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 31.03.2021		As at 31.03.2020	
	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 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 the Shareholders	As at 31.03.2021		As at 31.03.2020	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of ₹ 1 each held by:				
1. Sattva Holding and Trading Private Limited	5,63,88,682	5.88	5,63,88,682	5.88
2. Smiti Holding and Trading Company Private Limited	5,53,39,068	5.77	5,48,73,068	5.72

[@] 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 their meetings held on 22nd October, 2020, declared an interim dividend of ₹ 3.35 (Rupees three and paise thirty-five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 12th May, 2021 have recommended a payment of final dividend of ₹ 14.50 (Rupee fourteen and paise fifty only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March 2021. If approved, the total dividend (interim and final dividend) for the financial year 2020-21 will be ₹ 17.85 (Rupees seventeen and paise eighty-five only) per equity share of the face value of ₹ 1 each (₹12.00 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

NOTE 13 : 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, 2019 (A)	44.38	0.50	4,166.74	4,424.53	(0.01)	110.90	8,747.04
Additions during the year;							
Profit for the year	-	-	-	2,653.95	-	-	2,653.95
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(9.82)	-	-	(9.82)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	57.73	57.73
Net fair value gain on investments in debt instruments through OCI	-	-	-	-	2.49	-	2.49
Total Comprehensive Income for the year 2019-20 (B)	-	-	-	2,644.13	2.49	57.73	2,704.35
Reductions during the year;							
Dividends (Refer note 30)	-	-	-	(1,740.95)	-	-	(1,740.95)
Income tax on dividend (Refer note 30)	-	-	-	(353.07)	-	-	(353.07)
Total (C)	-	-	-	(2,094.02)	-	-	(2,094.02)
Balance as at 31st March, 2020 (D) = (A+B+C)	44.38	0.50	4,166.74	4,974.64	2.48	168.63	9,357.37
Additions during the year;							
Profit for the year	-	-	-	3,052.51	-	-	3,052.51
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(3.98)	-	-	(3.98)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	52.38	52.38
Net fair value gain on investments in debt instruments through OCI	-	-	-	-	2.13	-	2.13
Total Comprehensive Income for the year 2020-21 (E)	-	-	-	3,048.53	2.13	52.38	3,103.04
Reductions during the year;							
Dividends (Refer note 30)	-	-	-	(465.23)	-	-	(465.23)
Total (F)	-	-	-	(465.23)	-	-	(465.23)
Balance as at 31st March, 2021 (D+E+F)	44.38	0.50	4,166.74	7,557.94	4.61	221.01	11,995.18

Description of nature and purpose of each reserve

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.

Capital Reserve -

- 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.
- 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.

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 (Contd.)

NOTE 14 : BORROWINGS*

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Secured				
Deferred payment liabilities :				
Loan from State of Haryana ##	14.31	18.50	7.89	5.90
Amount Included under the head "Other Financial liabilities" (Refer note 16)	-	-	(7.89)	(5.90)
Total	14.31	18.50	-	-

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. The Company has received total interest free loan of ₹ 37.02 crores (Previous year - ₹ 35.06 crore) for the period from April 2010 to March 2015. 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, 2016 and 31st March, 2017, the Company had made the necessary application to the Haryana Government for the issue of eligibility certificate. As on 31st March 2021, the Company has repaid loan of ₹ 9.31 crores (Previous year - ₹ 3.41 crores).

* Default in terms of repayment of principal and interest - NIL.

NOTE 15 : LEASE LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Lease liabilities	468.73	496.22	157.22	142.43
Total	468.73	496.22	157.22	142.43

The maturity analysis of lease liabilities is disclosed in Note 29(C)(3).

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Current maturities of Long-term debt (Refer note 14)	-	-	7.89	5.90
(b) Investor Education and Protection Fund #				
Unpaid/Unclaimed dividend	-	-	21.64	22.47
(c) Others (Refer note 34)				
Retention monies relating to capital expenditure	1.09	0.46	19.08	36.40
Payable towards capital expenditure	-	-	34.92	43.77
Payable towards services received	-	-	421.23	222.65
Payable towards stores, spares and consumables	-	-	15.69	13.33
Payable to employees	-	-	195.56	153.07
[including ₹ 4.58 crores due to Managing Director (as at 31 st March, 2020 ₹ 6.79 crores)]				
Payable towards other expenses	-	-	568.47	621.15
[including ₹ 4.70 crores due to Non-Executive Directors (as at 31 st March, 2020 ₹ 3.53 crores)]				
Forward exchange contract (Net)	-	-	-	0.15
Total	1.09	0.46	1,254.95	1,090.52

Investor Education and Protection Fund ('IEPF') - As at 31st March, 2021, there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

NOTE 17 : PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Provision for Employee Benefits (Refer note 37)				
Provision for Compensated absences	156.23	131.96	19.22	15.59
Provision for Gratuity	-	-	21.98	10.37
Provision for Pension	1.29	1.23	0.34	0.35
Provision for Post retirement medical and other benefits	5.99	3.59	1.65	1.18
	163.51	136.78	43.19	27.49
(b) Others (Refer note 32)				
Provision for Excise	-	-	2.24	2.24
Provision for Central Sales Tax / VAT	-	-	12.48	14.41
	-	-	14.72	16.65
Total	163.51	136.78	57.91	44.14

NOTE 18 : INCOME TAXES

(₹ in Crores)

	Year 2020-21	Year 2019-20
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	1,052.72	871.15
Adjustments in respect of previous year	6.46	5.66
Deferred tax:		
In respect of current year	(21.31)	(117.73)
Income tax expense recognised in the Statement of Profit and Loss	1,037.87	759.08
(ii) Income tax expense recognised in OCI		
Deferred tax:		
Deferred tax (expense) on net fair value gain on investments in debt instruments through OCI	(0.28)	(0.32)
Deferred tax benefit on remeasurement benefit of defined benefit plans	1.34	1.01
Deferred tax (expense) on net fair value gain on investments in equity instruments through OCI	(4.88)	(8.71)
Income tax (expense) recognised in OCI	(3.82)	(8.02)
B. RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT FOR THE YEAR IS AS UNDER :		
Profit before tax	4,090.38	3,413.03
Income tax expense calculated at 25.168%	1,029.47	858.99
Tax effect on non-deductible expenses	19.80	25.19
Effect of Income which is taxed at special rates	(7.51)	(9.45)
Effect of Income that is exempted from tax	(5.46)	(8.01)
Effect of change in tax rate	-	(109.31)
Others	(4.89)	(3.99)
Total	1,031.41	753.42
Adjustments in respect of current income tax of previous year	6.46	5.66
Tax expense as per Statement of Profit and Loss	1,037.87	759.08

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Financial Statements (Contd.)

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS:**As at 31st March, 2021**

(₹ in Crores)

	Balance Sheet 01.04.2020	Profit and loss 2020-21	OCI 2020-21	Balance Sheet 31.03.2021
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act, 1961.	(316.33)	19.30	-	(297.03)
Provision for expense allowed for tax purpose on payment basis (Net)	30.64	5.18	-	35.82
Allowance for doubtful debts and advances	0.27	(0.27)	-	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	0.43	(0.43)	-	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.62)	-	(0.28)	(0.90)
Remeasurement benefit of the defined benefit plans through OCI	7.14	-	1.34	8.48
Difference in carrying value and tax base of investments measured at FVTPL	(17.19)	(5.28)	-	(22.47)
Net fair value gain on investments in equity instruments through OCI	(8.71)	-	(4.88)	(13.59)
Difference in Right-of-use asset and lease liabilities	21.69	2.81	-	24.50
Deferred tax (expense)/benefit		21.31	(3.82)	
Net Deferred tax liabilities	(282.68)			(265.19)

As at 31st March, 2020

(₹ in Crores)

	Balance Sheet 01.04.2019	Profit and loss 2019-20	OCI 2019-20	Balance Sheet 31.03.2020
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act, 1961.	(451.46)	135.13	-	(316.33)
Provision for expense allowed for tax purpose on payment basis (Net)	44.61	(13.97)	-	30.64
Allowance for doubtful debts and advances	0.38	(0.11)	-	0.27
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	1.63	(1.20)	-	0.43
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.30)	-	(0.32)	(0.62)
Remeasurement benefit of the defined benefit plans through OCI	6.13	-	1.01	7.14
Difference in carrying value and tax base of investments measured at FVTPL	(17.34)	0.15	-	(17.19)
Net fair value gain on investments in equity instruments through OCI	-	-	(8.71)	(8.71)
Difference in Right-of-use asset and lease liabilities	23.96	(2.27)	-	21.69
Deferred tax (expense)/benefit		117.73	(8.02)	
Net Deferred tax liabilities	(392.39)			(282.68)

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.

NOTE 19 : OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Revenue received in advance				
Advance received from customers	-	-	16.00	6.00
(b) Others				
Statutory dues payable	-	-	140.39	62.67
Deferred income arising from government grant (Refer note 14)	3.41	4.64	1.76	2.25
Deferred revenue arising from sale of services	-	-	0.58	-
Other advance	-	-	15.00	10.00
Total	3.41	4.64	157.73	74.92

NOTE 20 : TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer note 34)	53.55	45.86
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,760.75	1,714.22
Total	2,814.30	1,760.08

*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 ₹ 231.66 crores (Previous year - ₹ 116.49 crores).

NOTE 21 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
Provision for Income Tax (net)	87.69	48.59
Total	87.69	48.59

NOTE 22A : REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Revenue from sale of products	18,252.46	17,025.26
Revenue from sale of services	27.60	0.35
Other operating revenue *	236.80	168.48
Total	18,516.86	17,194.09

* The Company's manufacturing facilities at Maharashtra and Andhra Pradesh are eligible to receive incentive in form of refund of SGST, refund of stamp duty and refund of/ exemption from payment of electricity duty as per the Industrial Promotion Schemes of the respective State Governments and Memorandum of Understanding signed with the respective State Governments. During the year, ₹ 182.44 crores (Previous year - ₹ 116.65 crores) is included under the head "Other operating revenue" on accrual basis.

Notes to the Financial Statements (Contd.)

NOTE 22B : REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2020-21	Year 2019-20
A. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON NATURE OF PRODUCT OR SERVICES		
Revenue from sale of products		
Paints and allied products	18,009.26	16,810.51
Bath Fittings and allied products	243.20	214.75
Revenue from sale of services		
Decor & related services	27.60	0.35
Other operating revenues		
Processing and service income	33.53	32.99
Scrap sales	20.83	18.84
Other Income (Refer note 23(c)(ii))		
Royalty received		
From subsidiaries and associate	62.07	59.88
From Others	-	0.01
Total	18,396.49	17,137.33
B. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON GEOGRAPHY		
Home market	18,277.74	17,008.83
Exports	118.75	128.50
Total	18,396.49	17,137.33

The Company has recognized revenue of ₹ 4.90 crores (31st March 2020: ₹ 2.61 crores) from the amounts included under advance received from customers at the beginning of the year.

NOTE 22C : RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Gross Revenue	21,520.03	19,852.04
Less: Discounts	3,123.54	2,714.71
Net Revenue recognised from Contracts with Customers	18,396.49	17,137.33

The amounts receivable from customers become due after expiry of credit period which on an average ranges around from 30 to 45 days. There is no significant financing component in any transaction with the customers.

The Company provides agreed upon performance warranty for selected range of products and services. The amount of liability towards such warranty is immaterial.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration and sale of service contracts are measured as per output method.

NOTE 23 : OTHER INCOME

(₹ in Crores)

	Year 2020-21	Year 2019-20
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	7.96	6.43
Other Financial assets carried at amortised cost	33.24	35.24
	41.20	41.67
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	7.81	5.66
Dividends from subsidiary companies (Refer note 41)	8.64	8.13
Dividends from mutual fund investments measured at FVTPL	-	20.94
	16.45	34.73
(c) Other non-operating income		
(i) Insurance claims received	8.65	0.19
(ii) Royalty received		
- From subsidiaries and associate	62.07	59.88
- From Others	-	0.01
	62.07	59.89
(iii) Net gain arising on financial assets measured at FVTPL#	92.28	75.26
(iv) Others	107.15	131.47
	270.15	266.81
(d) Other gains and losses		
Net foreign exchange gain	18.43	2.87
Net gain on sale of property, plant and equipment	18.37	10.50
Net gain on modification/ termination of leases	1.72	0.96
	38.52	14.33
Total	366.32	357.54

* Relates to investments held at the end of reporting period

Includes gain on sale of financial assets measured at FVTPL for ₹ 1.89 crores (Previous year - ₹ 1.25 crores).

Notes to the Financial Statements (Contd.)

NOTE 24 (A) : COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2020-21	Year 2019-20
Raw Materials Consumed		
Opening Stock	864.26	870.28
Add : Purchases	7,208.71	7,032.58
	8,072.97	7,902.86
Less: Closing Stock	1,038.08	864.26
	7,034.89	7,038.60
Packing Materials Consumed		
Opening Stock	46.89	38.33
Add : Purchases	1,511.25	1,402.47
	1,558.14	1,440.80
Less : Closing Stock	68.86	46.89
	1,489.28	1,393.91
Total Cost of Materials Consumed	8,524.17	8,432.51

NOTE 24 (B) : PURCHASES OF STOCK-IN-TRADE

1,649.06 1,283.88

NOTE 24 (C) : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS

Stock at the beginning of the year		
Finished Goods (including goods in transit)	1,345.36	1,219.38
Work-in-Progress	81.67	105.72
Stock-in-trade- acquired for trading (including goods in transit)	370.40	262.12
Total	1,797.43	1,587.22
Stock at the end of the year		
Finished Goods (including goods in transit)	1,407.46	1,345.36
Work-in-Progress	120.57	81.67
Stock-in-trade- acquired for trading (including goods in transit)	360.10	370.40
Total	1,888.13	1,797.43
Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress	(90.70)	(210.21)

NOTE 25 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year 2020-21	Year 2019-20
Salaries and wages	988.40	855.86
Contribution to provident and other funds (Refer note 37)	60.13	48.80
Staff welfare expenses	80.13	80.77
Total	1,128.66	985.43

NOTE 26 : OTHER EXPENSES

(₹ in Crores)

	Year 2020-21	Year 2019-20
Consumption of stores, spares and consumables	52.28	53.79
Power and fuel	74.71	83.30
Processing charges*	122.76	117.60
Repairs and maintenance:		
Buildings	17.50	14.30
Machinery	40.11	41.11
Other assets	33.17	39.59
	90.78	95.00
Rates and taxes	12.00	9.42
Corporate social responsibility expenses (Refer note 44)	62.98	74.64
Commission to Non Executive Directors	4.70	3.53
Directors' sitting fees	0.80	0.56
Auditor's Remuneration (Refer note 33)	1.67	1.74
Freight and handling charges	1,222.27	1,088.33
Advertisement expenses	691.85	782.53
Bad debts written off	0.56	6.18
Allowance for doubtful debts and advances (net)	27.90	15.27
Insurance	21.65	22.04
Travelling expenses	36.98	105.49
Miscellaneous expenses^	388.59	386.02
Total	2,812.48	2,845.44

^Includes expense relating to leases of low value assets amounting to ₹ 24.96 crores (Previous year - ₹ 23.40 crores).

*Represents variable lease payments.

NOTE 27 : FINANCE COSTS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	0.03	0.08
(b) Interest on bill discounting	10.67	18.93
(c) Interest on loan from State of Haryana	2.32	1.59
(d) Interest on lease liabilities	49.47	55.70
(e) Other Interest expense	0.84	2.08
Total interest expense for financial liabilities carried at amortised cost	63.33	78.38
Interest on income tax	8.33	-
Total	71.66	78.38

NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2020-21	Year 2019-20
Depreciation of Property, Plant and Equipment (Refer note 2A)	497.77	489.12
Depreciation of Right-Of-Use assets (Refer note 2B)	175.89	173.03
Amortisation of Other Intangible assets (Refer note 3(B))	23.81	27.82
Total	697.47	689.97

Notes to the Financial Statements (Contd.)

NOTE 29(A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

Financial assets/financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)D & 4(II)B	324.11	419.59	3,150.48	431.85
Investments in unquoted equity shares	4(I)(A)(a)(iii)	1.07	1.07	-	-
Forward exchange contract (net)	6	-	-	0.88	-
		325.18	420.66	3,151.36	431.85
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares #	4(I)(A)(b)	578.42	521.16	-	-
Investments in quoted debentures or bonds	4(I)C & 4(II)A	81.35	106.77	28.33	0.50
		659.77	627.93	28.33	0.50
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)(B)	*	*	-	-
Sundry deposits	5	57.02	64.11	14.77	13.38
Loan to related party	5	-	-	9.78	7.93
Royalty receivable	6	-	-	58.85	59.30
Due from subsidiary companies	6	-	-	18.29	14.53
Due from associate Company	6	-	-	0.79	2.10
Subsidy receivable from state government	6	521.56	232.39	18.08	144.54
Term deposits held as margin money against bank guarantee and other commitments	6	0.07	0.08	-	-
Bank deposits with more than 12 months original maturity	6	-	-	913.85	464.08
Interest accrued on investments in debentures or bonds measured at FVTOCI	6	-	-	3.99	4.01
Quantity discount receivable	6	-	-	221.14	158.40
Retention monies receivable from Customers	6	0.54	-	1.63	-
Trade receivables	10	-	-	1,809.75	1,109.22
Cash and Cash Equivalents	11A	-	-	113.27	336.96
Other Bank Balances	11B	-	-	21.64	39.10
		579.19	296.58	3,205.83	2,353.55
Financial liabilities measured at fair value through profit or loss					
Forward exchange contract (net)	16	-	-	-	0.15
		-	-	-	0.15
Financial liabilities measured at amortised cost					
Loan from State of Haryana	14	14.31	18.50	7.89	5.90
Lease Liabilities	15	468.73	496.22	157.22	142.43
Unpaid/Unclaimed dividend	16	-	-	21.64	22.47
Retention monies relating to capital expenditure	16	1.09	0.46	19.08	36.40
Payable towards capital expenditure	16	-	-	34.92	43.77
Payable towards services received	16	-	-	421.23	222.65
Payable towards stores, spares and consumables	16	-	-	15.69	13.33
Payable to employees	16	-	-	195.56	153.07
Payable towards other expenses	16	-	-	568.47	621.15
Trade payables (including Acceptances)	20	-	-	2,814.30	1,760.08
		484.13	515.18	4,256.00	3,021.25

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/-

NOTE 29(B) : FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities :

As at 31st March, 2021

(₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2021	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)(b))	578.42	578.42	-	-
Investments in quoted debentures or bonds (Refer note 4(I)C & 4(II)A)	109.68	109.68	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(II)D & 4(II)B)	3,474.59	3,474.59	-	-
Investments in unquoted equity shares (Refer note 4(II)(A)(a)(iii))	1.07	-	-	1.07
Financial assets measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 6)	0.88	0.88	-	-

As at 31st March, 2020

(₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2020	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)(b))	521.16	521.16	-	-
Investments in quoted debentures or bonds (Refer note 4(I)C & 4(II)A)	107.27	107.27	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(II)D & 4(II)B)	851.44	851.44	-	-
Investments in unquoted equity shares (Refer note 4(II)(A)(a)(iii))	1.07	-	-	1.07
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 16)	0.15	0.15	-	-

(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.

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') 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 Board has been monitoring the risks that the Company is exposed to due to outbreak of COVID-19. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

Notes to the Financial Statements (Contd.)

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)

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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
USD	645.61	415.21	129.25	122.79
EUR	80.81	85.57	4.27	9.11
SGD	0.40	0.15	0.11	0.29
GBP	5.03	5.64	0.07	0.19
SEK	0.04	0.04	-	-
JPY	0.49	0.63	-	-
Others	2.43	1.16	0.68	1.06
Total	734.81	508.40	134.38	133.44

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 35(a) and the details of unhedged exposures are given as part of Note 35(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 2020-21	Year 2019-20	Year 2020-21	Year 2019-20
+5%	(11.24)	(10.11)	(11.24)	(10.11)
-5%	11.24	10.11	11.24	10.11

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, 2021, the carrying

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)**1) Market Risk (Contd.)****c) Other Price Risk (Contd)**

value of such equity instruments recognised at FVTOCI amounts to ₹ 578.42 crores (Previous year - ₹ 521.16 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 and debentures recognised at FVTOCI. As at 31st March, 2021, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 109.68 crores (Previous year - ₹ 107.27 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds and debentures are given in Note 4(I)C & 4(II)A.

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, 2021, Other Comprehensive Income for the year ended 31st March, 2021 would increase by ₹ 51.11 crores (Previous year - ₹ 46.93 crores) and decrease by ₹ 51.11 crores (Previous year - ₹ 46.93 crores) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2021. 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, bonds and debentures), 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 ranges from 30 to 45 days on sales of products. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of 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 given below. Additionally, considering the COVID-19 situation, the Company has also assessed the performance and recoverability of trade receivables. The Company believes that the current value of trade receivables reflects the fair value/recoverable values.

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	31.03.2021	31.03.2020
Balance at the beginning of the year	35.90	20.94
Loss allowance measured at lifetime expected credit losses	22.29	14.96
Balance at the end of the year	58.19	35.90

Notes to the Financial Statements (Contd.)

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)**3) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The 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, 2021					
Borrowings (Refer note 14)	-	19.82	-	19.82	14.31
Trade Payables (Refer note 20)	2,814.30	-	-	2,814.30	2,814.30
Lease Liabilities (Refer note 15)	198.27	456.23	90.45	744.95	625.95
Other financial liabilities (Refer note 16)	1,284.48	1.09	-	1,285.57	1,285.57
At 31st March, 2020					
Borrowings (Refer note 14)	-	31.66	-	31.66	18.50
Trade Payables (Refer note 20)	1,760.08	-	-	1,760.08	1,760.08
Lease Liabilities (Refer note 15)	189.94	480.76	118.32	789.02	638.65
Other financial liabilities (Refer note 16)	1,118.89	0.46	-	1,119.35	1,119.35

4) Risk due to outbreak of COVID 19 pandemic

The Company has taken into account external and internal information for assessing possible impact of COVID-19 on various elements of its Financial Statements, including recoverability of its assets.

NOTE 29(D) : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2021, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

NOTE 30 : DIVIDEND

	(₹ in Crores)	
	Year 2020-21	Year 2019-20
Dividend on equity shares paid during the year		
Final dividend for the FY 2019-20 [₹ 1.50 (Previous year - ₹ 7.65) per equity share of ₹ 1 each]	143.88	733.79
Dividend distribution tax on final dividend	-	148.70
Interim dividend for the FY 2020-21 [₹ 3.35 (Previous year - ₹ 10.50) per equity share of ₹ 1 each]	321.35	1,007.16
Dividend distribution tax on interim dividend	-	204.37
	465.23	2,094.02

Proposed Dividend:

The Board of Directors at its meeting held on 12th May, 2021 have recommended a payment of final dividend of ₹ 14.50 (Rupee fourteen and paise fifty only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2021. The same amounts to ₹ 1,390.84 crores.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS**a. Contingent Liabilities**

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
1. Letters of comfort issued to banks on behalf of one of its indirect subsidiary.	-	6.50
2. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	298.77	239.93
ii. Others	57.17	42.70

b. Commitments

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	87.05	94.57
ii. Towards Intangible Assets	14.45	4.35
	101.50	98.92
2. Letters of Credit and Bank guarantees issued by bankers towards procurement of goods and services and outstanding as at year end	58.92	2.03
3. For derivative contract related commitments, Refer note 35 (a)		

NOTE 32 : 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, 2021 IS AS FOLLOWS:

(₹ in Crores)

	Provision for Excise *		Provision for Sales tax **	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Opening Balance	2.24	0.62	14.41	20.01
Additions/Adjustments	-	2.17	1.09	2.18
Utilizations	-	-	-	-
Reversals	-	(0.55)	(3.02)	(7.78)
Closing Balance	2.24	2.24	12.48	14.41

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.

NOTE 33 : AUDITOR'S REMUNERATION (EXCLUDING GST)

(₹ in Crores)

	Year 2020-21	Year 2019-20
Statutory audit fee	1.22	1.22
Taxation Matters	0.13	0.12
Certification fees and other services	0.30	0.30
For reimbursement of expenses	0.02	0.10
Total	1.67	1.74

Notes to the Financial Statements (Contd.)

NOTE 34 : DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2020-21, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.		
Principal amount due to micro and small enterprise	78.52*	62.09*
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

*Includes ₹ 24.97 crores (Previous year - ₹ 16.23 crores) payable towards other financial liabilities.

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

NOTE 35 : 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:

	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2021	37.00	29.44	215.24
Forward contract to buy USD - As at 31.03.2020	5.00	4.29	32.27

b) Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2021 are as under:

Currency	Payable (In millions FC)		Receivable (In millions FC)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
USD	58.86	50.67	17.68	16.25
EUR	9.42	10.29	0.50	1.10
SGD	0.07	0.03	0.02	0.06
GBP	0.50	0.61	0.01	0.02
SEK	0.05	0.06	-	0.00
JPY	7.35	9.09	-	-
Others	1.77	0.75	0.13	0.19

NOTE 35 : DETAILS OF HEDGED AND UNHEDGED EXPOSURE IN FOREIGN CURRENCY DENOMINATED MONETARY ITEMS (CONTD.)**b) Exposure in foreign currency - Unhedged (Contd.)**

Currency	Payable (₹ in Crores)		Receivable (₹ in Crores)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
USD	430.37	382.94	129.25	122.79
EUR	80.81	85.57	4.27	9.11
SGD	0.40	0.15	0.11	0.29
GBP	5.03	5.64	0.07	0.19
SEK	0.04	0.04	-	0.00
JPY	0.49	0.63	-	-
Others	2.43	1.16	0.68	1.06
	519.57	476.13	134.38	133.44

NOTE 36(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 31.03.2021	Amount outstanding as at 31.03.2020	Maximum balance outstanding during the year 31.03.2021	Maximum balance outstanding during the year 31.03.2020
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary	9.78	7.93	9.78	7.93

The above loan was given to the subsidiary for its business activities (Refer note 41).

NOTE 36(B) : DISCLOSURE AS PER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- (i) Details of Investments made are given in Note 4(l)(A)(a)(i) and 4(l)(A)(a)(ii).
- (ii) Details of loans given by the Company are as follows:

(₹ in Crores)			
	Relationship	Amount as at 31.03.2021	Amount as at 31.03.2020
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary Company	9.78	7.93

- (iii) There are no guarantees issued by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder.

Notes to the Financial Statements (Contd.)

NOTE 37 : 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, 2021 by M/s Transvalue Consultants. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

NOTE 37 : EMPLOYEE BENEFITS (CONTD.)**1) Post-employment benefits : (Contd.)**

The following tables summarise the components of defined benefit expense recognised in the Statement of Profit and Loss/OCI and the funded status and amounts recognised in the Balance Sheet for the respective plans:

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(i) Opening defined benefit obligation	191.14	170.28	1.58	1.34	1.79	1.59
(ii) Current service cost	13.94	12.47	0.20	-	0.07	0.07
(iii) Interest cost	12.72	12.84	0.09	0.09	0.12	0.12
(iv) Past Service Cost	9.23	-	-	-	-	-
(v) Sub-total included in Statement of Profit and Loss(ii+iii+iv)	35.89	25.31	0.29	0.09	0.19	0.19
(vi) Actuarial loss/(gain) from changes in financial assumptions	(1.09)	13.64	(0.01)	0.08	(0.05)	0.17
(vii) Actuarial gain from changes in demographic assumptions	-	-	-	-	-	-
(viii) Experience adjustment	13.23	2.68	0.13	0.36	0.11	(0.11)
(ix) Sub-total included in Other Comprehensive Income(vi+vii+viii)	12.14	16.32	0.12	0.44	0.06	0.06
(x) Inter-Company Transfer	(0.01)	(0.02)	-	-	-	-
(xi) Benefits paid	(18.08)	(20.75)	(0.36)	(0.29)	(0.05)	(0.05)
(xii) Closing defined benefit obligation(i+v+ix+x+xi)	221.08	191.14	1.63	1.58	1.99	1.79
(xiii) Opening fair value of plan assets	180.77	156.38	-	-	-	-
(xiv) Expected return on plan assets	12.06	11.84	-	-	-	-
(xv) Sub-total included in Statement of Profit and Loss(xiv)	12.06	11.84	-	-	-	-
(xvi) Actuarial loss	7.00	7.30	-	-	-	-
(xvii) Sub-total included in Other Comprehensive Income(xvi)	7.00	7.30	-	-	-	-
(xviii) Contributions by employer	17.35	26.00	-	-	-	-
(xix) Benefits paid	(18.08)	(20.75)	-	-	-	-
(xx) Closing fair value of plan assets(xiii+xv+xvii+xviii+xix)	199.10	180.77	-	-	-	-
(xxi) Net Liability (xii-xx)	21.98	10.37	1.63	1.58	1.99	1.79
Expense recognised in:						
(xxii) Statement of Profit and Loss(v-xv)	23.83	13.47	0.29	0.09	0.19	0.19
(xxiii) Statement of Other Comprehensive Income(ix-xvi)	5.14	9.02	0.12	0.44	0.06	0.06

The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in Crores)

	Gratuity (Funded Plan) As at 31.03.2021	Gratuity (Funded Plan) As at 31.03.2020
Government of India securities (Central and State)	105.27	93.47
High quality corporate bonds (including Public Sector Bonds)	79.73	75.87
Equity shares, Equity mutual funds and ETF	9.39	5.39
Cash (including liquid mutual funds)	0.40	0.75
Others	4.31	5.29

Notes to the Financial Statements (Contd.)

NOTE 37: EMPLOYEE BENEFITS (CONTD.)**1) Post-employment benefits : (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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Discount Rate	6.87%	6.67%	6.87%	6.67%	6.87%	6.67%
Salary Escalation Rate	All Grades- 10% for first year 9% for second year 8% thereafter	All Grades- 9% for first 2 years 8% thereafter	-	-	-	-

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity 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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Defined Benefit Obligation - Discount Rate + 100 basis points	(16.86)	(15.53)	(0.09)	(0.09)	(0.23)	(0.21)
Defined Benefit Obligation - Discount Rate - 100 basis points	18.38	16.59	0.10	0.09	0.24	0.22
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	17.74	15.33	-	-	-	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(16.98)	(14.69)	-	-	-	-

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 10.48 years (Previous year -10.59 years).

The Company expects to make a contribution of ₹ 41.65 crores (Previous year - ₹ 24.31 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 2021.

NOTE 37: EMPLOYEE BENEFITS (CONTD.)**1) Post-employment benefits : (Contd.)****d) Provident Fund (Contd.)**

The Company contributed ₹ 15.35 crores (Previous Year - ₹ 13.63 crores) towards Asian Paints Office Provident Fund during the year ended 31st March 2021. The Company contributed ₹ 9.65 crores (Previous Year - ₹ 9.56 crores) towards Asian Paints Factory Employees Provident Fund during the year ended 31st March, 2021.

The details of the Asian Paints Office Provident Fund and plan assets position as at 31st March, 2021 is given below:

(₹ in Crores)		
Particulars	As at 31.03.2021	As at 31.03.2020
Present value of benefit obligation at period end	370.84	324.14
Plan assets at period end, at fair value, restricted to	370.84	324.14
Asset recognized in Balance Sheet	-	-

The details of the Asian Paints Factory Employees Provident Fund and plan assets position as at 31st March, 2021 are given below:

(₹ in Crores)		
Particulars	As at 31.03.2021	As at 31.03.2020
Present value of benefit obligation at period end	290.18	256.50
Plan assets at period end, at fair value, restricted to	290.18	256.50
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):

Particulars	As at 31.03.2021	As at 31.03.2020
Discounting Rate	6.87%	6.67%
Expected Guaranteed interest rate	8.50%*	8.50%

*Rate announced by Central Board of Trustees of Employees Provident Fund Organisation for the FY 2020-21 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, 2021 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 27.90 crores. (Previous Year- increased by ₹19.70 crores)

(a) Financial Assumptions

Particulars	As at 31.03.2021	As at 31.03.2020
Discount Rate	6.87%	6.67%
Basic salary increases allowing for Price inflation	All Grades- 10% for first year 9% for second year 8% thereafter	All Grades- 9% for first 2 years 8% thereafter

Notes to the Financial Statements (Contd.)

NOTE 37: EMPLOYEE BENEFITS (CONTD.)**2) Other Long term employee benefits: (Contd.)****(b) Demographic Assumptions**

Particulars	As at 31.03.2021	As at 31.03.2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs-1.80%	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs-1.80%
Leave Availment Ratio	5%	5%

NOTE 38 : A competitor of the Company had filed a complaint with the Competition Commission of India (CCI) alleging the Company to be hindering its entry in the decorative paints market by virtue of unfair use of the Company's position of dominance in the market. On 14th January 2020, the CCI passed a *prima facie* Order under the provisions of the Competition Act, 2002 directing the Director General (DG) to conduct an investigation into the matter. The Company has received notices from the office of the DG seeking certain information and the Company has been providing the same from time to time.

NOTE 39 : The Board of Directors of the Company and of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'), a wholly owned subsidiary of the Company at their meetings held on 22nd January 2020 and 20th January 2020 respectively, had approved the Scheme of Amalgamation of Reno with the Company, subject to necessary statutory and regulatory approvals, including approval of the National Company Law Tribunal (NCLT) under Sections 230 to 232 and other applicable provisions of Companies Act, 2013. The final hearing of the petition for approval of the Scheme of amalgamation is pending before NCLT. Pending the approval of the Scheme of Amalgamation by NCLT, no effect has been given for the scheme in the Financial Statements.

NOTE 40 : EARNINGS PER SHARE

Particulars	2020-2021	2019-2020
a) Basic and diluted earnings per share in rupees (face value – ₹ 1 per share)* (In ₹)	31.82	27.67
b) Profit after tax as per Statement of Profit and Loss (₹ in crores)	3,052.51	2,653.95
c) Weighted average number of equity shares outstanding during the year	95,91,97,790	95,91,97,790

* 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.

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021**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*

* The Company has ceased its business operations during the year.

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

b) Subsidiaries : (where control exists)

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2021	% of Holding as at 31.03.2020
Asian Paints (Nepal) Private Limited	Nepal	52.71	52.71
Asian Paints Industrial Coatings Limited	India	100.00	100.00
Asian Paints International Private Limited	Singapore	100.00	100.00
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Refer note 39)	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

Indirect Subsidiaries:

i) Subsidiaries of Asian Paints International Private Limited, Singapore:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2021	% of Holding as at 31.03.2020
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
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
Berger Paints Singapore Pte Limited [#]	Singapore	-	-

** Asian Paints (Tonga) Limited has ceased its business operations w.e.f. 10th December, 2020 and liquidated all its assets & liabilities. The name of the Company was struck off from the registrar on 29th January, 2021.

[#] On 16th September, 2019, Asian Paints International Private Limited, Singapore ('APIPL'), subsidiary of the Company entered into a Share Purchase Agreement with Omega Property Investments Pty Ltd., Australia for divestment of its entire stake in Berger Paints Singapore Pte. Limited, Singapore ('BPS'). The said transaction was concluded on 17th September, 2019.

ii) Subsidiary of Enterprise Paints Limited:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2021	% of Holding as at 31.03.2020
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 31.03.2021	% of Holding as at 31.03.2020
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 31.03.2021	% of Holding as at 31.03.2020
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00

Notes to the Financial Statements (Contd.)

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)**c) Key Managerial Personnel:**

Name	Designation
Shri Amit Syngle	Managing Director & CEO (w.e.f 1 st April, 2020)
Shri R J Jeyamurugan	CFO & Company Secretary (w.e.f 27 th November, 2019)
Shri K. B. S. Anand	Managing Director & CEO (Retired on 31 st March, 2020)
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs (Retired on 26 th November, 2019)
Non-Executive Directors	
Shri. Ashwin Dani	Shri. M.K. Sharma
Shri. Abhay Vakil	Mrs. Vibha Paul Rishi
Shri. Malav Dani	Shri. R Seshasayee
Ms. Amrita Vakil	Shri Jigish Choksi
Shri. Manish Choksi	Shri. Suresh Narayanan
Shri. Deepak Satwalekar	Mrs. Pallavi Shroff
Dr. S. Sivaram	

d) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri. Varun Vakil

e) Entities where Directors/Close family members of Directors having control/significant influence:

Addverb Technologies Pvt Ltd	Hitech Corporation Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
Ankleshwar Industrial Development Society*	Hitech Specialities Solutions Ltd.	Resins and Plastics Ltd.
Ashwin Suryakant Dani (HUF)	Jalaj Trading And Investment Company Pvt. Ltd.	Ricinash Oil Mill Ltd.
Asteroids Trading And Investments Pvt Ltd	Jaldhar Investments And Trading Company Pvt. Ltd	Rupen Investment and Industries Pvt. Ltd.
Castle Investment & Industries Pvt. Ltd.	Lambodar Investments And Trading Company Ltd.	Sattva Holding and Trading Pvt. Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Lyon Investment and Industries Pvt. Ltd.	Satyadhama Investments And Trading Company Pvt Ltd.
Dani Charitable Foundation	Murahar Investments And Trading Company Ltd.	Shardul Amarchand Mangaldas & Co.^
Dani Finlease Ltd.	Navbharat Packaging Industries Ltd.	Stackpack Ltd.^
Doli Trading and Investments Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Elcid Investments Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Sudhanva Investments And Trading Company Pvt. Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Parekh Plast India Ltd.**	Suptaswar Investments And Trading Company Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Piramal Swasthya Management and Research Institute	Tru Trading And Investments Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Chemicals Ltd.#	Unnati Trading And Investments Pvt. Ltd.
Hiren Holdings Pvt. Ltd.	Pratham Education Foundation ##	Vikatmev Containers Ltd.

* w.e.f. 22nd October, 2019** till 31st December, 2020# merged with Resins and Plastics Ltd from 1st August, 2020## w.e.f. 18th September, 2019^ w.e.f. 21st January, 2020^^ w.e.f. 20th January, 2021**f) Other entities where significant influence exist:****i) Post employment-benefit plan entity:**

Asian Paints (India) Limited Employees' Gratuity Fund

ii) Other :

Asian Paints Office Provident Fund (Employee benefit plan)

Asian Paints Factory Employees' Provident Fund (Employee benefit plan)

Asian Paints Management Cadres' Superannuation Scheme (Employee benefit plan)

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

g) Details of related party transactions during the year ended 31st March, 2021:

Particulars	(₹ 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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue from sale of products	6.07	10.97	37.13	34.48	-	0.00*	-	-	-	-	-	-
Processing Income	12.98	16.48	24.67	21.63	-	-	-	-	-	-	-	-
Interest Income	-	-	0.31	0.23	-	-	-	-	-	-	-	-
Royalty Income	3.17	3.61	60.34	57.72	-	-	-	-	-	-	-	-
Other non operating income	8.94	11.29	20.38	19.71	-	-	-	-	-	-	-	-
Sitting Fees Received (from subsidiaries for nominee directors)	-	-	0.61	0.58	-	-	-	-	-	-	-	-
Processing Charges	0.15	-	-	-	-	-	-	-	-	-	-	-
Other Services - paid	-	-	3.41	2.39	-	-	-	-	1.96	1.67	-	-
Reimbursement of Expenses - received	0.27	0.15	17.62	23.02	-	-	-	-	-	-	-	-
Dividend received	-	-	8.64	8.13	-	-	-	-	-	-	-	-
Purchase of goods	0.03	0.03	28.04	2.41	-	-	-	-	494.82	535.18	-	-
Remuneration	-	-	-	-	13.00	22.76**	0.64	0.54	-	-	-	-
Retiral benefits	-	-	-	-	0.14	10.68	-	-	-	-	-	-
Remuneration to Non Executive Directors	-	-	-	-	5.50	4.09	-	-	-	-	-	-
Reimbursement of Expenses - paid	0.34	-	1.46	1.40	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	19.74	73.99	29.62	110.83	196.25	734.28	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	-	-	89.39	92.87
Investment made	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	-	-	-	379.84	-	-	-	-	-	-	-	-
Sale of Assets	-	-	1.85	6.25	-	-	-	-	-	-	-	-
Corporate Social Responsibility Expenses	-	0.48	0.00^	-	-	-	-	-	2.60	1.98	-	-
Outstanding as at 31st March	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	0.08	-	-	-	-	-	-	-	-	-
Loan given	-	-	9.78	7.93	-	-	-	-	-	-	-	-
Trade and other receivables	3.15	4.01	90.75	79.31	-	-	-	-	-	#	-	-
Trade and other payables	0.14	0.02	12.57	2.27	9.28	10.32	-	-	7.27	1.58	6.35	5.37

^ Sale of assets for current year - ₹ 41,300/- (Previous year - NIL).

^^ Revenue from sale of goods to Close Family Members of Key Managerial Personnel - Current year ₹ 3,270/- (Previous year - NIL).

* Revenue from sale of goods to Key Managerial personnel - Current year - NIL (Previous year - ₹ 42,687/-).

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors - Current year - NIL (Previous year - ₹ 20,827/-).

** Includes remuneration of ₹ 1,75,15,148/- paid to Shri Manish Choksi for his past services in his erstwhile capacity as employee of the Company.
Note: The Company has issued letter of comfort to banks on behalf of one of its operating subsidiary and the financial support based on such letters is limited to NIL (Previous year - ₹ 6.50 crores) as on 31st March 2021.

Notes to the Financial Statements (Contd.)

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)**Terms and conditions of transactions with related parties**

- 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.
- Trade and other receivables are unsecured, interest free and will be settled in cash. During the year ended 31st March, 2021, the Company has recorded an amount of ₹ 0.17 crores from Asian Paints (Bangladesh) Ltd (Previous year - ₹ 0.30 crores) and ₹ 5.44 crores from Kadisco Paints and Adhesive Industry Share Company (Previous year- NIL) as provision for doubtful receivables in Statement of Profit and Loss. As at 31st March, 2021, the provision for doubtful receivables is ₹ 1.44 crores for Asian Paints (Bangladesh) Ltd (Previous year - ₹ 1.27 crores) and ₹ 5.44 crores for Kadisco Paints and Adhesive Industry Share Company (Previous year - NIL)

During the year ended 31st March, 2021, the Company has not written off any amount against doubtful receivables (Previous year - ₹ 0.03 crores).

The assessment of receivables is undertaken each financial year through examining the financial position of related parties, the market and regulatory environment in which related party operate and the accounting policy of the Company.

- During the year ended 31st March 2021, the Company has provided an additional loan ₹ 1.85 crores (Previous year - ₹ 6.25 crores) to its wholly owned subsidiary, Reno Chemicals Pharmaceuticals & Cosmetics Private Limited for its business activities. The loan is unsecured and repayable within a 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 management personnel of the Company:

(₹ in Crores)

	Year 2020-21	Year 2019-20
Short-term employee benefits	18.50	25.55
Post-employment benefits	0.14	10.68
Other long-term benefits	-	1.30
Total compensation paid to key management personnel	18.64	37.53

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

(₹ in Crores)

	Year 2020-21	Year 2019-20
Revenue from sale of products		
Asian Paints (Nepal) Private Limited	13.53	10.19
Asian Paints (Bangladesh) Limited	6.75	3.76
PPG Asian Paints Private Limited	6.07	10.97
Asian Paints PPG Private Limited	5.22	7.55
Kadisco Paint and Adhesive Industry Share	-	4.52
Others	11.63	8.46
	43.20	45.45
Processing Income		
Asian Paints PPG Private Limited	24.67	21.63
PPG Asian Paints Private Limited	12.98	16.48
	37.65	38.11
Interest Income		
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited	0.31	0.23
	0.31	0.23

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

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

(₹ in Crores)

	Year 2020-21	Year 2019-20
Royalty Income		
SCIB Chemicals S.A.E., Egypt	13.08	11.59
Asian Paints (Bangladesh) Limited	9.51	9.93
Asian Paints PPG Private Limited	9.51	9.12
Asian Paints International Private Limited	7.06	7.06
Asian Paints (Nepal) Private Limited	6.19	6.73
Others	18.16	16.90
	63.51	61.33
Other non operating income		
PPG Asian Paints Private Limited	8.76	11.13
Asian Paints PPG Private Limited	7.12	7.68
Asian Paints International Private Limited	6.03	5.33
Sleek International Private Limited	6.01	4.74
Others	1.40	2.12
	29.32	31.00
Sitting Fees Received (from subsidiaries for nominee directors)		
Asian Paints International Private Limited	0.61	0.58
	0.61	0.58
Processing charges		
PPG Asian Paints Private Limited	0.15	-
	0.15	-
Other Services - paid		
Asian Paints International Private Limited	1.24	1.32
Shardul Amarchand Mangaldas & Co.	1.21	0.29
Berger Paints Emirates LLC	0.99	0.89
Addverb Technologies Pvt Ltd	0.75	1.38
Sleek International Private Limited	0.64	0.18
Causeway Paints Lanka (Pvt.) Ltd.	0.51	-
Others	0.03	-
	5.37	4.06
Reimbursement of Expenses - received		
Sleek International Private Limited	11.74	10.96
Asian Paints PPG Private Limited	1.77	3.56
Asian Paints International Private Limited	1.13	5.19
Others	3.25	3.46
	17.89	23.17

Notes to the Financial Statements (Contd.)

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year (Contd.)**

(₹ in Crores)

	Year 2020-21	Year 2019-20
Dividend received		
Asian Paints (Nepal) Private Limited	8.64	8.13
	8.64	8.13
Purchase of goods		
Hitech Corporation Limited	380.21	350.70
Parekhplast India Limited	69.37	119.68
Others	73.31	67.24
	522.89	537.62
Remuneration		
Shri. Amit Syngle	10.42 ^	-
Shri. R J Jeyamurugan	2.58 ^^	0.61
Shri. Varun Vakil	0.64	0.54
Shri. K.B.S. Anand	-	14.41
Shri. Jayesh Merchant	-	5.99
Shri. Manish Choksi	-	1.75
	13.64	23.30
Retiral benefits		
Shri. K.B.S. Anand	-	6.36
Shri. Jayesh Merchant	-	4.18
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.07	0.07
	0.14	10.68
Remuneration to Non Executive Directors		
Others	5.50	4.09
	5.50	4.09
Reimbursement of Expenses - Paid		
PPG Asian Paints Private Limited	0.34	-
Asian Paints (Bangladesh) Limited	0.27	0.03
Asian Paints (Middle East) LLC	0.26	0.00 *
Asian Paints PPG Private Limited	0.24	0.12
Asian Paints International Private Limited	0.21	0.05
Causeway Paints Lanka (Pvt) Ltd	0.13	0.61
PT Asian Paints Indonesia	0.15	0.28
Others	0.20	0.31
	1.80	1.40
Dividend Paid		
Sattva Holding and Trading Private Limited	27.35	98.44
Smiti Holding And Trading Company Private Limited	26.61	98.87
Others	191.65	721.79
	245.61	919.10

^ Remuneration does not include Performance based incentive and Deferred incentive of ₹ 1.80 crores paid for previous years.

^^ Remuneration does not include Deferred incentive of ₹ 0.15 crores paid for previous years.

* Reimbursement of Expenses - Paid to Asian Paints (Middle East) LLC is ₹ 29,135/- for previous year.

NOTE 41 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year (Contd.) (₹ in Crores)

	Year 2020-21	Year 2019-20
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	41.66	36.44
Asian Paints Factory Employees Provident Fund	30.32	29.35
Asian Paints Management Cadres Superannuation Scheme	0.06	1.08
Asian Paints (India) Limited Employees' Gratuity Fund	17.35	26.00
	89.39	92.87
Investment made		
Asian Paints International Private Limited.	-	299.84
Sleek International Private Limited	-	80.00
	-	379.84
Loan Given		
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited.	1.85	6.25
	1.85	6.25
Sale of Asset		
Asian Paints Industrial Coatings Limited	0.00 ^	-
PPG Asian Paints Private Limited.	-	0.48
	0.00	0.48
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	2.30 #	1.55
Ankleshwar Industrial Development Society	0.27	0.21
Pratham Education Foundation	0.03	0.22
	2.60	1.98

^ Sale of assets for current year - ₹ 41,300/-.

Additionally, an amount of ₹ 5.28 crores has been earmarked for ongoing project, for which provision is created during the year.

All the amounts reported in Note 41 are inclusive of GST wherever applicable

Notes to the Financial Statements (Contd.)

NOTE 42 : 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.

	Year 2020-21			Year 2019-20		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
A. SEGMENT REVENUE	18,269.74	247.12	18,516.86	16,974.67	219.42	17,194.09
B. SEGMENT RESULT	4,270.60	(6.54)	4,264.06	3,660.71	(29.37)	3,631.34
C. SPECIFIED AMOUNTS INCLUDED IN SEGMENT RESULTS						
Depreciation and amortisation	634.56	3.16	637.72	625.36	2.87	628.23
Interest Income	1.07	0.22	1.29	0.56	0.00*	0.56
Finance costs	61.10	0.68	61.78	75.87	0.85	76.72
Dividend Income	8.64	-	8.64	8.13	-	8.13
D. RECONCILIATION OF SEGMENT RESULT WITH PROFIT AFTER TAX						
SEGMENT RESULT	4,270.60	(6.54)	4,264.06	3,660.71	(29.37)	3,631.34
Add/(Less):						
Interest Income			39.91			41.11
Depreciation and amortisation			(59.75)			(61.74)
Net foreign exchange gain			18.43			2.87
Dividend received			7.81			26.60
Net gain arising on financial assets recognised at FVTPL			92.28			75.26
Finance costs			(9.88)			(1.66)
Income taxes			(1,037.87)			(759.08)
Exceptional items (Refer note 43)			-			(33.20)
Other Un-allocable Expenses net of Un-allocable Income			(262.48)			(267.55)
PROFIT AFTER TAX AS PER STATEMENT OF PROFIT AND LOSS			3,052.51			2,653.95

*Interest income of Home Improvement segment for the previous year - ₹ 15,040/-

NOTE 42 : SEGMENT REPORTING (CONTD.)

(₹ in Crores)

	As at 2020-21			As at 2019-20		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
E. OTHER INFORMATION						
Segment assets	10,577.45	203.89	10,781.34	9,481.66	172.22	9,653.88
Un-allocable assets			6,801.33			3,933.74
Total assets			17,582.67			13,587.62
Segment liabilities	4,877.76	68.71	4,946.47	3,503.80	66.56	3,570.36
Un-allocable liabilities			545.10			563.97
Total liabilities			5,491.57			4,134.33
Capital expenditure	159.31	0.99	160.30	141.25	2.59	143.84
Un-allocable capital expenditure			19.03			29.57
Total			179.33			173.41

(₹ in Crores)

	Year 2020-21	Year 2019-20
F. REVENUE FROM OPERATIONS		
India	18,448.37	17,113.68
Outside India	68.49	80.41
Total Revenue	18,516.86	17,194.09

G. RECONCILIATION BETWEEN SEGMENT REVENUE AND REVENUE FROM CONTRACT WITH CUSTOMERS

(₹ in Crores)

	Year 2020-21			Year 2019-20		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
Revenue from sale of products	18,009.26	243.20	18,252.46	16,810.51	214.75	17,025.26
Revenue from sale of services	27.60	-	27.60	0.35	-	0.35
Other operating revenues	50.44	3.92	54.36	47.16	4.67	51.83
Add : Items not included in disaggregated revenue						
Subsidy from state government	182.44	-	182.44	116.65	-	116.65
Total Segment Revenue	18,269.74	247.12	18,516.86	16,974.67	219.42	17,194.09
Add : Items not included in segment revenue						
Royalty received						
-From Subsidiaries and Associate	62.07	-	62.07	59.88	-	59.88
-Others	-	-	-	0.01	-	0.01
Less : Items not included in disaggregated revenue						
Subsidy from state government	182.44	-	182.44	116.65	-	116.65
Revenue from contract with customers (Note 22B)	18,149.37	247.12	18,396.49	16,917.91	219.42	17,137.33

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.

Notes to the Financial Statements (Contd.)

NOTE 43 : EXCEPTIONAL ITEMS

(₹ in Crores)

	Year 2020-21	Year 2019-20
1. Impairment loss on investment in Sleek International Private Limited (Refer note a.)	-	29.70
2. Impairment loss on investment in Maxbhumi Developers Limited (Refer note b.)	-	3.50
Total	-	33.20

During the previous year ended 31st March, 2020, the Company had made an assessment of the recoverable value of investment in its subsidiaries taking into account the past business performance, prevailing business conditions and revised expectations of the future performance.

- a. The recoverable value of investment in Sleek International Private Limited was the value in use determined as per discounted cash flow method. The discount rate used was 12.25%.
- b. Maxbhumi Developers Limited (MBL) is an asset holding Company having land held for sale. It had entered into a Memorandum of Understanding (MoU) with a buyer for sale of the land. The recoverable value of land from the proposed sale transaction less estimated incidental expenses is used to determine the value of investment in the subsidiary (Level 2 hierarchy of fair value measurement).

NOTE 44 : CORPORATE SOCIAL RESPONSIBILITY EXPENSES

(₹ in Crores)

- A. Gross amount required to be spent by the Company during the year 2020-21 - ₹ 62.95 crores (2019-20 - ₹ 57.51 crores)
- B. Amount spent during the year on:

	2020-21			2019-20		
	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	42.48	20.50	62.98	68.34	6.29	74.64
	42.48	20.50	62.98	68.34	6.29	74.64
C. Related party transactions in relation to Corporate Social Responsibility ^ :			2.60			1.98
D. Provision movement during the year ^ :						
Opening provision			1.35			1.58
Addition during the year			0.39			1.35
Utilised during the year			(1.35)			(1.58)
Closing provision			0.39			1.35

- E. Amount earmarked for ongoing project:

(₹ in Crores)

	2020-21			2019-20		
	With Company***	In Separate CSR Unspent A/c	Total	With Company	In Separate CSR Unspent A/c	Total
Opening balance	-	-	-	-	-	-
Amount required to be spent during the year	14.78	-	14.78	-	-	-
Transfer to Separate CSR Unspent A/c	-	-	-	-	-	-
Amount spent during the year	-	-	-	-	-	-
Closing balance	14.78	-	14.78	-	-	-

There is no unspent amount to be deposited in specified fund of Schedule VII under section 135(5) of the Companies Act, 2013.

* Represents actual outflow during the year

** Includes amount of ₹14.78 crores earmarked for ongoing project (Out of which ₹5.28 crores is with related party).

*** Unspent amount pertaining to ongoing projects have been transferred to Separate CSR Unspent Bank A/c on 30th April, 2021.

^ Excludes amount of ₹14.78 crores earmarked for ongoing project, out of which ₹5.28 crores is with related party.

NOTE 44 : CORPORATE SOCIAL RESPONSIBILITY EXPENSES (CONTD.)

(₹ in Crores)

	Opening Balance	Amount required to be spent during the year	Amount spent during the year**	Closing balance
Details of excess amount spent	-	62.95	62.98	0.03

** Includes amount of ₹14.78 crores earmarked for ongoing project (Out of which ₹5.28 crores is with related party).

NOTE 45A : ITEMS INCLUDED IN FINANCIAL ACTIVITIES

(₹ in Crores)

	As at 31.03.2020	Cash Flows	Other Changes	Non-cash changes			As at 31.03.2021
				Net additions	Fair value changes	Current/ Non-current classification	
Borrowings- Non current (Refer note 14)	18.50	1.96	-	-	1.75	(7.89)	14.31
Other Financial Liabilities (Refer note 16)	5.90	(5.90)	-	-	-	7.89	7.89
Other Liabilities (Refer note 19)	6.89	-	-	-	(1.72)	-	5.17
Lease Liabilities (Refer note 15)	638.65	(158.71)	-	146.01	-	-	625.95

(₹ in Crores)

	As at 31.03.2019	Cash Flows	Other Changes	Non-cash changes			As at 31.03.2020
				Net additions	Fair value changes	Current/ Non-current classification	
Borrowings- Non current (Refer note 14)	10.89	17.86	-	-	(4.35)	(5.90)	18.50
Other Financial Liabilities (Refer note 16)	-	-	-	-	-	5.90	5.90
Other Liabilities (Refer note 19)	2.58	-	-	-	4.31	-	6.89
Borrowings - Current (Refer note 14)	4.35	-	(4.35)	-	-	-	-
Lease Liabilities (Refer note 15)	599.08	(148.72)	-	188.29	-	-	638.65

NOTE 45B : Total cash flows for leases including variable lease payments is ₹ 326.07 crores (Previous year - ₹ 315.81 crores) which includes finance cost on lease liability of ₹ 49.47 crores (Previous year - ₹ 55.70 crores).

NOTE 46 : The Financial Statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on 12th May, 2021.

Independent Auditor's Report

To the Members of Asian Paints Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of Asian Paints Limited (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, 2021, 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 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 as at 31st March, 2021, 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
<p>Revenue recognition – the Parent (Refer note 1.3(f) and 23A of the Consolidated Financial Statements)</p> <p>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.</p>	<p>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.</p>
<p>Impairment of goodwill in Consolidated Financial Statements (Refer note 1.3 (e) and Note 3A of the Consolidated Financial Statements)</p> <p>The Consolidated Financial Statements reflect goodwill on acquisition/consolidation of ₹ 302.63 crore, including ₹ 35.36 crore 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 subsidiaries have estimated the recoverable amount of the Cash Generating Unit (CGU) to which the goodwill is allocable based on Value in Use (ViU) and additionally considered fair value less cost to sell in respect of certain subsidiaries. Determination of ViU and fair values less cost to sell determined by reference to share price</p>	<p>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.</p>

The Key Audit Matter

of comparable listed companies, involves significant estimates, assumptions and judgements as regards determination of method to be used for ViU/fair value calculations, reasonableness of assumptions involved in developing projections of financial performance, identification of comparable companies 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.

How was the matter addressed in our audit

To the extent, goodwill relates to the subsidiaries, component auditor has reviewed the ViU calculations / fair value less costs to sell computation 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 CGUs' operations and environment and general economic forecasts, and performed sensitivity analyses to assess the impact of reasonably possible changes in estimates on the recoverable amount of the CGUs. We have reviewed the working papers of the component auditors and sought information and explanations from the component auditors, as considered, necessary.

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises 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 Statements of the subsidiaries and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and associates, is traced from their Financial Statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with 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

Independent Auditor's Report (Contd.)

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 20 subsidiaries, whose Financial Statements/consolidated financial information reflect total assets of ₹ 3,578.64 crore as at 31st March 2021, total revenues of ₹ 2,528.36 crore and net cash flows amounting to ₹ 14.09 crore for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 28.60 crore for the year ended 31st March 2021, 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 Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (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, 2021 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, 2021 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.
- (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 by the Company.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle

Partner

Mumbai
May 12, 2021

Membership No 102912
UDIN: 21102912AAAADC8908

Annexure A to 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 Group as of and for the year ended 31st March, 2021, 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 companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its 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 Parent, 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 Parent, 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, 2021, 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 solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No: 117366W/W-100018

Abhijit A. Damle

Partner

Membership No 102912

UDIN: 21102912AAAADC8908

Mumbai

May 12, 2021

Consolidated Balance Sheet

as at 31st March, 2021

(₹ in Crores)

	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-Current assets			
Property, Plant and Equipment	2A	4,476.35	4,764.76
Right of Use Assets	2B	845.55	920.09
Capital work-in-progress		182.98	140.24
Goodwill	3A	302.63	319.99
Other Intangible Assets	3B	233.99	267.47
Investments in Associates	4	483.90	456.63
Financial Assets			
Investments	4	985.78	1,049.74
Trade Receivables	6	2.89	4.21
Loans	5	61.89	68.24
Other Financial Assets	7	532.17	248.31
Deferred Tax Assets (Net)	21C	14.28	16.80
Current Tax Assets (Net)	9	152.23	253.09
Other Non-Current assets	10	68.38	65.09
		8,343.02	8,574.66
Current assets			
Inventories	11	3,798.60	3,389.81
Financial Assets			
Investments	4	3,267.12	512.48
Trade Receivables	6	2,602.17	1,795.22
Cash and Cash Equivalents	8A	346.39	563.83
Other Balances with Banks	8B	264.36	219.00
Loans	5	17.59	18.67
Other Financial Assets	7	1,179.65	781.65
Other Current Assets	10	537.23	285.59
Assets classified as Held for Sale	12	13.49	13.86
		12,026.60	7,580.11
Total Assets		20,369.62	16,154.77
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	95.92	95.92
Other Equity	14	12,710.37	10,034.24
Equity attributable to owners of the Company		12,806.29	10,130.16
Non-Controlling Interests	14	422.86	403.53
		13,229.15	10,533.69
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	15	14.53	18.63
Lease Liabilities	16	561.36	589.94
Other Financial Liabilities	17	3.38	2.94
Provisions	18	215.21	180.75
Deferred Tax Liabilities (Net)	21C	415.59	443.80
Other Non-current Liabilities	19	4.54	4.64
		1,214.61	1,240.70

Consolidated Balance Sheet (Contd.)

as at 31st March, 2021

(₹ in Crores)

	Notes	As at 31.03.2021	As at 31.03.2020
Current Liabilities			
Financial Liabilities			
Borrowings	15	325.70	321.48
Lease Liabilities	16	183.18	173.87
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises	20	91.53	60.72
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	20	3,287.19	2,075.85
Other Financial Liabilities	17	1,603.02	1,374.34
Other Current liabilities	19	229.58	131.61
Provisions	18	84.43	62.46
Current Tax Liabilities (Net)	22	121.23	180.05
		5,925.86	4,380.38
Total Equity and Liabilities		20,369.62	16,154.77
Significant accounting policies and Key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-45		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**Chartered Accountants
F.R.N: 117366W/W-100018**Abhijit A. Damle**Partner
Membership No: 102912Mumbai
12th May, 2021For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598**Ashwin Dani**Chairman
DIN: 00009126**M.K. Sharma**Chairman of Audit Committee
DIN:00327684Mumbai
12th May, 2021**Amit Syngle**Managing Director & CEO
DIN:07232566**R.J. Jeyamurugan**

CFO & Company Secretary

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Consolidated Statement of Profit and Loss

for the year ended 31st March, 2021

(₹ in Crores)

Particulars	Notes	Year 2020-21	Year 2019-20
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	23A	21,440.24	20,025.96
Revenue from Sale of Services	23A	44.96	22.36
Other Operating Revenue	23A	227.59	162.93
Other Income	24	303.05	304.31
Total Income (I)		22,015.84	20,515.56
EXPENSES			
Cost of Materials Consumed	25A	10,317.09	10,091.78
Purchases of Stock-in-Trade	25B	1,872.59	1,530.83
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25C	(92.45)	(239.15)
Employee Benefits Expenses	26	1,540.75	1,366.09
Other Expenses	27	3,219.21	3,299.93
Total Expenses (II)		16,857.19	16,049.48
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)			
		5,158.65	4,466.08
Finance Costs	28	91.63	102.33
Depreciation and Amortisation Expense	29	791.27	780.50
PROFIT BEFORE SHARE OF PROFIT IN ASSOCIATE			
		4,275.75	3,583.25
SHARE OF PROFIT IN ASSOCIATE			
	35	28.60	50.74
PROFIT BEFORE TAX			
		4,304.35	3,633.99
Tax Expense	21		
(1) Current Tax		1,114.02	944.65
(2) Short tax provision for earlier years		7.74	5.48
(3) Deferred Tax		(24.16)	(95.28)
Total tax expense		1,097.60	854.85
PROFIT FROM CONTINUING OPERATIONS			
		3,206.75	2,779.14
(Loss)/Profit before tax from discontinued operations		-	(5.73)
Tax (benefit)/ expense of discontinued operations		-	(0.78)
(LOSS)/PROFIT FROM DISCONTINUED OPERATIONS			
	32	-	(4.95)
PROFIT FOR THE YEAR			
		3,206.75	2,774.19
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 33)		(6.24)	(11.61)
(ii) Income tax benefit relating to remeasurement of defined benefit plans		1.79	1.19
(b) (i) Net fair value gain on investments in equity instruments through OCI		57.26	66.44
(ii) Income tax (expense) on net fair value gain on investment in equity instruments through OCI		(4.88)	(8.71)
(c) Share of OCI in associate		0.73	0.06
(B) Items that will be reclassified to Profit or Loss			
(a) (i) Net fair value gain on investment in debt instruments through OCI		2.41	2.81
(ii) Income tax (expense) on net fair value gain on investment in debt instruments through OCI		(0.28)	(0.32)
(b) Exchange difference arising on translation of foreign operations		(56.47)	8.45
Total Other Comprehensive Income (A+B)		(5.68)	58.31
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		3,201.07	2,832.50

Consolidated Statement of Profit and Loss (Contd.)

for the year ended 31st March, 2021

(₹ in Crores)

Particulars	Notes	Year 2020-21	Year 2019-20
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		3,139.29	2,705.17
- Non-controlling interest		67.46	69.02
		3,206.75	2,774.19
OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		4.13	50.44
- Non-controlling interest		(9.81)	7.87
		(5.68)	58.31
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the Company		3,143.42	2,755.61
- Non-controlling interest		57.65	76.89
		3,201.07	2,832.50
Earnings per equity share (Face value of ₹ 1 each)	41		
(1) Basic and Diluted Earnings Per Share from continuing operations (EPS) (₹)		32.73	28.25
(2) Basic and Diluted Earnings Per Share from discontinued operations (EPS) (₹)		-	(0.05)
(3) Basic and Diluted Earnings Per Share from continuing and discontinued operations (EPS) (₹)		32.73	28.20
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the Consolidated Financial Statements	2-45		

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912
Mumbai
12th May, 2021

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN: 00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684
Mumbai
12th May, 2021

Amit Syngle
Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan
CFO & Company Secretary

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Consolidated Statement of Changes in Equity

for the year ended 31st March, 2021

A) EQUITY SHARE CAPITAL

	(₹ in Crores)	
	As at 31.03.2021	As at 31.03.2020
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

	Attributable to owners of the Company											Total			
	Reserves and Surplus				Items of Other comprehensive income (OCI)			Total attributable to owners of the Company		Non-controlling interests	Total				
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained earnings	Other Reserves	Share of other reserves in Associate	Debt instruments through OCI				Foreign Currency Translation Reserve	Equity instruments through OCI	Share of OCI in associate
Balance as at 1st April, 2019 (A)	39.16	44.38	5.37	13.68	4,715.75	4,604.60	(15.72)	-	(0.01)	(142.68)	110.90	(0.80)	9,374.63	361.25	9,735.88
Additions during the year :															
Profit for the year	-	-	-	-	-	2,705.17	-	-	-	-	-	-	2,705.17	69.02	2,774.19
Items of OCI for the year, net of tax															
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	0.59	-	-	0.59	7.86	8.45
Remeasurement of the defined benefit plans	-	-	-	-	-	(10.42)	-	-	-	-	-	-	(10.42)	-	(10.42)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	57.73	-	57.73	-	57.73
Net fair value gain on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	2.49	-	-	-	2.49	-	2.49
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	0.06
Total Comprehensive income for the year (B)	-	-	-	-	-	2,694.75	-	-	2.49	0.59	57.73	0.06	2,755.62	76.88	2,832.50
Reductions during the year :															
Dividends (Refer note 31)	-	-	-	-	-	(1,740.95)	-	-	-	-	-	-	(1,740.95)	(30.30)	(1,771.25)
Income tax on Dividend (Refer note 31)	-	-	-	-	-	(353.07)	-	-	-	-	-	-	(353.07)	-	(353.07)
Effect of stake acquired from non controlling interest	-	-	-	-	-	-	(1.99)	-	-	-	-	-	(1.99)	(4.30)	(6.29)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.69	-	(0.69)	-	-	-	-	-	-	-	-	-
Total (C)	-	-	-	0.69	-	(2,094.71)	(1.99)	-	-	-	-	-	(2,096.01)	(34.60)	(2,130.61)
Balance as at 31st March, 2020 (A+B+C)	39.16	44.38	5.37	14.37	4,715.75	5,204.64	(17.71)	-	2.48	(142.09)	168.63	(0.74)	10,034.24	403.53	10,437.77

Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31st March, 2021

	Attributable to owners of the Company										Total				
	Reserves and Surplus			Items of Other comprehensive Income (OCI)				Total attributable to owners of the Company							
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained earnings	Other Reserves	Share of other reserves in Associate	Debt instruments through OCI	Foreign Currency Translation Reserve		Equity instruments through OCI	Share of OCI in associate	Non-controlling interests	Total
Balance as at 31st March, 2020 (D)	39.16	44.38	5.37	14.37	4,715.75	5,204.64	(17.71)	-	2.48	(142.09)	168.63	(0.74)	10,034.24	403.53	10,437.77
Additions during the year :															
Profit for the year	-	-	-	-	-	3,139.29	-	-	-	-	-	-	3,139.29	67.46	3,206.75
Items of OCI for the year, net of tax															
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(46.86)	-	-	(46.86)	(9.61)	(56.47)
Remeasurement of the defined benefit plans	-	-	-	-	-	(4.25)	-	-	-	-	-	-	(4.25)	(0.20)	(4.45)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	52.38	-	52.38	-	52.38
Net fair value gain on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	2.13	-	-	-	2.13	-	2.13
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	-	0.73	0.73	-	0.73
Total Comprehensive Income for the year (E)	-	-	-	-	-	3,135.04	-	-	2.13	(46.86)	52.38	0.73	3,143.42	57.65	3,201.07
Reductions during the year :															
Dividends (Refer note 31)	-	-	-	-	-	(465.23)	-	-	-	-	-	-	(465.23)	(38.32)	(503.55)
Equity/other changes in associate	-	(2.91)	-	-	-	-	-	0.85	-	-	-	-	(2.06)	-	(2.06)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.43	-	(0.43)	-	-	-	-	-	-	-	-	-
Total (F)	-	(2.91)	-	0.43	-	(465.66)	-	0.85	-	(188.95)	221.01	(0.01)	12,710.37	(38.32)	(505.61)
Balance as at 31st March, 2021 (D+E+F)	39.16	41.47	5.37	14.80	4,715.75	7,874.02	(17.71)	0.85	4.61	(188.95)	221.01	(0.01)	12,710.37	422.86	13,133.23

Significant accounting policies and key accounting estimates and judgements (Refer note 1)

See accompanying notes to the Consolidated Financial Statements (Refer note 2.45)

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912
Mumbai
12th May, 2021

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN: 00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684
Mumbai
12th May, 2021

Amit Syngle
Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan
CFO & Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2021

(₹ in Crores)

Particulars	Year 2020-21	Year 2019-20
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Tax from:		
Continuing operations	4,304.35	3,633.99
Discontinued operations	-	(5.73)
Adjustments for :		
Depreciation and amortisation expense	791.27	781.94
(Gain) on sale of property, plant and equipment (Net)	(18.33)	(14.25)
Net gain on modification/ termination of leases	(3.20)	(1.19)
Finance costs	91.63	102.48
Allowances for doubtful debts and advances	33.43	32.60
Bad debts written off	3.42	6.28
Interest income	(67.32)	(65.71)
Dividend income	(7.81)	(27.13)
Share in profit of associate [Refer note 35]	(28.60)	(50.74)
Loss on sale of disposal of subsidiaries [Refer note 32]	-	2.24
Other non cash adjustment	-	8.52
Net gain arising on financial assets measured at fair value through Profit & Loss (FVTPL)	(92.28)	(76.09)
Deferred income arising from government grant	(2.28)	(1.64)
Net unrealised foreign exchange (gain)/loss	(12.31)	39.75
Effect of exchange rates on translation of operating cashflows	(22.44)	14.42
Operating Profit before working capital changes	4,969.53	4,379.74
Adjustments for :		
(Increase) in Inventories	(408.79)	(250.53)
(Increase)/Decrease in trade and other receivables	(1,341.51)	160.44
Increase/(Decrease) in trade and other payables	1,543.84	(240.75)
Cash generated from Operating activities	4,763.07	4,048.90
Income Tax paid (net of refund)	(1,079.72)	(1,010.75)
Net Cash generated from Operating activities	3,683.35	3,038.15
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(281.87)	(403.54)
Sale of Property, plant and equipment (including advances)	27.61	36.60
Payment for acquiring right of use assets	(6.84)	(10.15)
Purchase of non-current investments	(0.50)	(24.94)
Sale of non-current investments	272.32	85.50
Sale of current investments (Net)	(139.34)	32.08
Net investment in bank/term deposits (having original maturity more than three months)	(500.33)	(346.24)
Proceeds from disposal of subsidiaries (Net)	-	16.82
Interest received	73.35	65.32
Dividend received	7.81	27.13
Net Cash (used in) Investing activities	(547.79)	(521.42)

Consolidated Cash Flow Statement (Contd.)

for the year ended 31st March, 2021

Particulars	(₹ in Crores)	
	Year 2020-21	Year 2019-20
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	2.14	17.91
Repayment of non-current borrowings	(14.21)	(10.49)
Proceeds from/(Repayment of) current borrowings (Net)	37.78	(268.79)
Acceptances (Net)	115.50	(203.13)
Repayment of lease liabilities	(202.95)	(179.07)
Transactions with Non Controlling Interest	-	(6.29)
Finance costs paid	(89.31)	(100.89)
Dividend and Dividend tax paid (including dividend paid to non-controlling shareholders)	(499.35)	(2,120.71)
Net Cash (used in) Financing activities	(650.40)	(2,871.46)
(D) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	2,485.16	(354.73)
Cash and cash equivalents as at 1 st April	928.75	1,279.97
Net effect of exchange gain on cash and cash equivalents	7.25	3.51
Cash and cash equivalents as at 31st March	3,421.16	928.75

Notes :

- 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 the presentation of the Cash Flow Statement for the year ended 31st March, 2020, in cash flows from financing activities, net cash outflows relating to acceptances of ₹ 203.13 crores were incorrectly reported as net cash inflows with a consequential impact on decrease in trade and other payables in the cash flows from operating activities. The Cash Flow Statement for the corresponding period (i.e. year ended 31st March, 2020) has been corrected in the Consolidated Financial Statements for the current year to reflect this. There is no impact on any other line item in the Consolidated Financial Statements.

Particulars	(₹ in Crores)	
	As at 31.03.2021	As at 31.03.2020
(c) Cash and Cash Equivalent comprises of :		
Cash on hand	0.74	1.32
Balances with Banks:		
- Current Accounts	269.35	320.04
- Cash Credit Accounts	29.43	217.66
- Deposits with Bank with maturity less than 3 months	26.06	24.32
Cheques, drafts on hand	20.81	0.49
Cash and cash equivalents [Refer note 8(A)]	346.39	563.83
Investment in Government Securities [Refer note 4 (II) (A)]	41.17	53.98
Investment in Liquid mutual funds [Refer note 4 (II) D (ii)]	3,067.00	383.12
Less: Loan repayable on demand - Cash Credit/Overdraft Accounts [Refer note 15]	(33.40)	(72.18)
Cash and cash equivalents in Cash Flow Statement	3,421.16	928.75

Significant accounting policies and key accounting estimates and judgements (Refer note 1)

See accompanying notes to the Consolidated Financial Statements (Refer note 2-45)

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912
Mumbai
12th May, 2021

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN: 00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684
Mumbai
12th May, 2021

Amit Syngle
Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan
CFO & Company Secretary

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2021

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 2021.

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.

1.2. Current/Non-Current Classification

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

- i. the asset/liability is expected to be 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.

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.

1.3. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. 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.

**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.

Notes to the Consolidated Financial Statements (Contd.)

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Consolidated Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life. Depreciation on tinting systems leased to dealers, is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation.

The estimated useful life of items of property, plant and equipment is mentioned below:

	Years
Factory Buildings	30 to 60
Buildings (other than factory buildings)	30 to 61
Plant and Equipment	4 to 21
Scientific research equipment	8
Furniture and Fixtures	5 to 10
Office Equipment and Vehicles	4 to 8
Tinting system	9

Freehold land is not depreciated. Leasehold improvements are 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.

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.

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 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 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 Group uses output method for measurement of revenue from décor services / painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Group.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

g) Government grants and subsidies

Recognition and Measurement:

The parent is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are

Notes to the Consolidated Financial Statements (Contd.)

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.

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 30 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 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 30 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 30 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration 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 30 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:

Notes to the Consolidated Financial Statements (Contd.)

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Group neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to 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).

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 30 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative 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

Notes to the Consolidated Financial Statements (Contd.)

participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are 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.

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

Notes to the Consolidated Financial Statements (Contd.)

on the face of the Consolidated Statement of Profit and Loss for the period. The Group measures EBITDA on the basis of profit/(loss) from continuing operations.

p) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of 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 administered by the Parent Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. These entities have an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme:

The Parent Company, its Indian subsidiaries and some of its foreign subsidiaries operate a gratuity scheme for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity obligations.

iii) Pension and Leaving Indemnity Scheme:

The Parent Company and some of its foreign subsidiaries operate a pension and leaving indemnity plan for certain specified employees and is payable upon the employee satisfying certain conditions as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan:

The Parent Company and some of its foreign subsidiaries operate a post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations 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 deferred incentives, 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 benefits 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

Assets taken on lease:

The Group mainly has various lease arrangements for land and building for its offices, warehouse spaces and retail stores. In addition it has vehicle and other lease agreements.

The Group assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. Generally, the Group uses the incremental borrowing rate as the discount rate.

Notes to the Consolidated Financial Statements (Contd.)

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payments which the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the Statement of Profit or Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets

The Group has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets given on lease:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, 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 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

Notes to the Consolidated Financial Statements (Contd.)

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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group 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 intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling

interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

1.4. Key accounting estimates and judgements

The preparation of the Group's Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. Income taxes

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also Refer note 21.

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 33, 'Employee benefits'.

f. Fair value measurement of financial instruments

When the fair value 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.

g. Right of use assets and lease liability

The Group has exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the ROU asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 2A : PROPERTY, PLANT AND EQUIPMENT

	Gross carrying value					Depreciation/Amortisation					Net carrying value	
	As at	Translation	Additions/	Deductions/	Disposals of	As at	Translation	Additions/	Deductions/	Disposals of	As at	As at
	01.04.2020	Difference	Adjustments	Adjustments	Subsidiaries	31.03.2021	Difference	Adjustments	Adjustments	Subsidiaries	31.03.2021	31.03.2021
Land [^]	375.65	(1.15)	59.95	-	-	434.45	-	-	-	-	-	434.45
Buildings	1,602.41	(9.09)	20.05	2.71	-	1,610.66	(8.92)	70.50	1.21	-	261.28	1,349.38
Plant and Equipment	4,208.35	(20.91)	162.90	10.50	-	4,339.84	(19.42)	431.45	9.09	-	1,824.36	2,515.48
Scientific Research :												
Buildings	71.37	(0.04)	0.06	-	-	71.39	0.02	2.74	-	-	12.32	59.07
Equipment	70.38	(0.03)	1.61	0.14	-	71.82	0.01	8.29	0.14	-	40.70	31.12
Leasehold Improvements	0.27	-	-	-	-	0.27	-	0.05	-	-	0.05	0.22
Furniture and Fixtures	94.45	(2.44)	8.70	1.40	-	99.31	(2.26)	11.80	1.31	-	57.94	41.37
Vehicles	31.83	(1.05)	1.22	2.25	-	29.75	(1.07)	2.81	1.50	-	21.16	8.59
Office Equipment	98.78	(3.82)	8.48	3.52	-	99.92	(3.61)	14.71	3.08	-	65.76	34.16
Leasehold Improvements	10.15	-	0.02	0.33	-	9.84	-	1.47	0.25	-	9.14	0.70
Assets Given on Operating Lease:												
Tinting systems	4.05	0.31	0.74	-	-	5.10	0.45	0.63	-	-	3.29	1.81
Total	6,567.69	(38.22)	263.73	20.85	-	6,772.35	(34.80)	544.45	16.58	-	2,296.00	4,476.35
	As at	Translation	Additions/	Deductions/	Disposals of	As at	Translation	Additions/	Deductions/	Disposals of	As at	As at
	01.04.2019	Difference	Adjustments	Adjustments	Subsidiaries**	31.03.2020	Difference	Adjustments	Adjustments	Subsidiaries**	31.03.2020	31.03.2020
Land [^]	366.26	0.96	8.43	-	-	375.65	-	-	-	-	-	375.65
Buildings	1,580.50	11.80	36.44	2.08	24.25	1,602.41	3.59	55.81	0.37	5.08	200.91	1,401.50
Plant and Equipment	4,005.87	14.83	216.33	21.56	7.12	4,208.35	8.37	435.19	2.91	3.12	1,421.42	2,786.93
Scientific Research :												
Buildings	71.37	-	-	0.01	-	71.37	6.83	2.73	-	-	9.56	61.81
Equipment	66.41	-	3.98	0.27	-	70.38	24.07	8.48	0.01	-	32.54	37.84
Leasehold Improvements	-	-	0.27	-	-	0.27	-	-	-	-	-	0.27
Furniture and Fixtures	87.67	1.27	6.63	0.90	0.22	94.45	0.74	11.33	0.90	0.17	49.71	44.74
Vehicles	27.92	0.55	3.84	0.03	0.45	31.83	17.82	3.09	0.03	0.41	20.92	10.91
Office Equipment	82.69	1.30	18.65	2.99	0.87	98.78	46.45	13.93	2.99	0.57	57.74	41.04
Leasehold Improvements	10.47	-	0.13	0.45	-	10.15	6.12	2.25	0.45	-	7.92	2.23
Assets Given on Operating Lease:												
Tinting systems	3.76	0.01	0.28	-	-	4.05	1.63	0.58	-	-	2.21	1.84
Total	6,502.92	30.72	294.98	28.02	32.91	6,567.69	14.07	533.39	7.66	9.35	1,802.93	4,764.76

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 38 (b).

[^] Includes leasehold land of ₹ 4.56 crores in a subsidiary which is not being amortized as the subsidiary has an option to convert it into freehold on payment of a nominal amount post 8 years of purchase, which is completed in FY 2020-21. The subsidiary is in the process of exercising its option.

* Includes land in a subsidiary of ₹ 59.44 crores representing in substance ownership contract without transfer of title.

** Refer note 32 for details on disposal of subsidiary

Includes depreciation of Berger Paints Singapore Pte Ltd. ("Discontinued Operations")

NOTE 2B : RIGHT OF USE ASSETS

(₹ in Crores)

Movement in net carrying amount	2020-21					2019-20						
	Leasehold Land	Building	Plant and Equipment	Office Equipments	Vehicles	Total	Leasehold Land	Building	Plant and Equipment	Office Equipments	Vehicles	Total
Net Carrying Amount												
Balance at 1 st April	264.53	644.53	-	-	11.03	920.09	233.95	626.02	0.07	0.23	10.85	871.12
Additions/Adjustments	-	217.52	-	0.05	4.91	222.48	35.59	260.15	-	-	6.45	302.19
Depreciation *	1.41	207.31	-	-	6.44	215.16	4.15	202.48	0.04	0.02	6.71	213.40
Deletions/Adjustments	54.49	27.63	-	-	0.91	83.03	-	33.35	-	-	0.08	33.43
Translation difference	0.81	0.76	-	-	(0.40)	1.17	(0.86)	3.30	-	-	0.52	2.96
Disposal of Subsidiary (Refer note 32)	-	-	-	-	-	-	-	9.11	0.03	0.21	-	9.35
Balance at 31st March	209.44	627.87	-	0.05	8.19	845.55	264.53	644.53	-	-	11.03	920.09

* FY 2019-20 includes depreciation of Berger Paints Singapore Pte Ltd. ("Discontinued Operations")

NOTE 3A : GOODWILL (CONTD.)

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 31.03.2021	As at 31.03.2020
Goodwill on Consolidation		
Berger Paints Emirates LLC	2.75	2.66
Kadisco Paint and Adhesive Industry S.C.	35.00	43.79
Asian Paints (Vanuatu) Limited	0.94	0.96
Asian Paints (South Pacific) Pte Limited	1.91	1.96
SCIB Chemicals, S.A.E.	12.29	12.54
Asian Paints (Lanka) Limited	0.08	0.08
Causeway Paints Lanka (Private) Limited	126.55	134.89
Asian Paints 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	302.63	319.99

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 and fair value less costs to sell (for certain subsidiaries). 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. Management has also considered the fair value less costs to sell for certain subsidiaries, which were determined by reference to the share prices of comparable listed companies.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management with projected revenue growth rates ranging from 3% to 51% (Previous year : 3% to 32%) for the next five years. Growth rate used for extrapolation of cash flows beyond the period covered by the forecast is 2% to 5% (Previous year: 2% to 5.6%).

The rates used to discount the forecasted cash flows is 8% to 23% (Previous year: 8% to 23%).

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 year period (Previous year: five 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 (Contd.)

NOTE 4: INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current		Current	
			As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
I. NON-CURRENT INVESTMENTS						
A. Investments in Equity Instruments						
(a) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	461.65	444.96	-	-
Housing Development Finance Corporation Limited	4,65,000	2	116.16	75.94	-	-
Apcotex Industries Limited	34,180	2	0.61	0.26	-	-
Total Quoted equity shares			578.42	521.16	-	-
(b) Unquoted equity shares						
(i) Associate (accounted as per equity method, Refer note 1.3.x)						
PPG Asian Paints Private Limited (Refer note 35)	2,85,18,112	10	483.90	456.63	-	-
			483.90	456.63	-	-
(ii) Other equity shares measured at FVTPL						
			1.07	1.07	-	-
Total Unquoted equity shares (i+ii)			484.97	457.70	-	-
Total investments in Equity Instruments (a+b)		A	1,063.39	978.86	-	-
B. Investments in Unquoted Government securities measured at amortised cost						
* [₹ 39,500/- (As at 31 st March, 2020 - ₹ 39,500)]						
C. Investments in Debentures or Bonds						
a) Investments in Quoted Debentures or Bonds measured at FVTOCI						
Amount included under the head "Current Investments"			81.35	106.77	28.33	0.50
			-	-	(28.33)	(0.50)
b) Investments in Unquoted Debentures or Bonds measured at amortised cost						
			0.83	1.15	-	-
Total Investments in Debentures or Bonds		C	82.18	107.92	-	-
D. Investments in Quoted Mutual Funds measured at FVTPL						
Amount included under the head "Current Investments"			324.11	419.59	130.17	74.88
			-	-	(130.17)	(74.88)
Total Investments in Mutual Funds - Quoted		D	324.11	419.59	-	-
Total Non-Current Investments (A+B+C+D)			1,469.68	1,506.37	-	-
Total Non-Current Investments in Associate			483.90	456.63	-	-
Total Non-Current Investments in Other entities			985.78	1,049.74	-	-
Aggregate amount of quoted investments - At cost			375.70	506.82	-	-
Aggregate amount of quoted investments - At market value			983.88	1,047.52	-	-
Aggregate amount of unquoted investments			485.80	458.85	-	-
II. CURRENT INVESTMENTS						
A. Investments in Unquoted Government Securities measured at amortised cost (Refer Note 4(I)(B))						
		A	-	-	41.17	53.98
B. Investments in Quoted Debentures or Bonds measured at FVTOCI (Refer Note 4(I)(C)(a))						
		B	-	-	28.33	0.50
C. Investments in Unquoted Debentures or Bonds measured at amortised cost						
		C	-	-	0.45	-
D. Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))						
			-	-	130.17	74.88
ii. Investments in Liquid Mutual Funds						
			-	-	3,067.00	383.12
Total Investments in Mutual Funds - Quoted (i+ii)		D	-	-	3,197.17	458.00
Total Current Investments (A+B+C+D)			-	-	3,267.12	512.48
Aggregate amount of quoted investments - At cost			-	-	3,164.44	406.16
Aggregate amount of quoted investments - At market value			-	-	3,225.50	458.50
Aggregate amount of unquoted investments			-	-	41.62	53.98

NOTE 5 : LOANS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
UNSECURED AND CONSIDERED GOOD				
(a) Sundry Deposits	61.89	68.24	16.87	18.41
(b) Finance Lease Receivables [Refer note 42 (II)]	-	-	0.72	0.26
Total	61.89	68.24	17.59	18.67

NOTE 6 : TRADE RECEIVABLES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Trade receivables				
(a) Secured, considered good	-	-	76.50	60.73
(b) Unsecured, considered good	2.89	4.21	2,525.67	1,734.49
(c) Unsecured, considered doubtful	-	0.37	185.31	155.12
	2.89	4.58	2,787.48	1,950.34
Less : Allowance for unsecured doubtful debts	-	(0.37)	(185.31)	(155.12)
Total	2.89	4.21	2,602.17	1,795.22

NOTE 7 : OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Royalty receivable	-	-	0.47	0.23
Due from associate company (Refer note 34)	-	-	0.79	2.10
Subsidy Receivable from State Government	521.56	232.39	18.08	144.68
Term deposits held as margin money against bank guarantee and other commitments [Refer note 8 (B)]	5.08	4.41	3.23	3.15
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.99	4.01
Quantity discount receivable	-	-	225.67	160.55
Bank deposits with more than 12 months of original maturity [^]	4.99	11.28	922.70	464.85
Forward exchange contract (net)	-	-	0.88	-
Other receivable	-	0.23	2.21	2.08
Retention monies receivable from Customers	0.54	-	1.63	-
Total	532.17	248.31	1,179.65	781.65

[^]Fixed deposits in one of the subsidiary amounting to ₹ 13.84 crores (31st March, 2020 : ₹ 11.28 crores) have been pledged as per the terms of underlying guarantees given by the banks on behalf of a former subsidiary.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 8 : CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(A) CASH AND CASH EQUIVALENTS				
(a) Balances with Banks				
(i) Current Accounts	-	-	269.35	320.04
(ii) Cash Credit Account ##	-	-	29.43	217.66
(iii) Deposits with original maturity of less than 3 months	-	-	26.06	24.32
(b) Cheques, drafts on hand	-	-	20.81	0.49
(c) Cash on hand	-	-	0.74	1.32
Total	-	-	346.39	563.83
(B) OTHER BALANCES WITH BANKS				
(i) Term deposits with original maturity for more than 3 months but less than 12 months^	-	-	238.54	196.53
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	-	-	25.82	22.47
(iii) Term deposits held as margin money against bank guarantee and other commitments	5.08	4.41	3.23	3.15
	5.08	4.41	267.59	222.15
Amount included under the head "Other Financials Assets"	(5.08)	(4.41)	(3.23)	(3.15)
Total	-	-	264.36	219.00

Secured by hypothecation of inventories, trade receivables, building and plant and machinery and carries interest rate @ 7.05 % p.a. to 11.50% p.a. (31st March, 2020 : 8.10 % p.a to 11.50 % p.a.)

^Fixed deposits in one of the subsidiary amounting to ₹ 3.67 crores (31st March, 2020 : ₹ 6.26 crores) have been pledged as per the terms of underlying guarantees given by the banks on behalf of a former subsidiary.

* The Group can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

NOTE 9 : CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Advance payment of Income Tax (net)	152.23	253.09	-	-
Total	152.23	253.09	-	-

NOTE 10 : OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Capital Advances	28.55	28.08	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	28.47	27.67	149.26	154.31
ii) Balances with government authorities	9.83	8.26	368.20	113.48
iii) Advances to employees	0.75	0.89	10.05	9.15
iv) Duty Credit Entitlement	-	-	1.18	1.70
v) Other Receivables	0.78	0.19	8.54	6.95
Total	68.38	65.09	537.23	285.59

NOTE 11 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
(a) Raw materials	1,097.64	948.65
Raw materials-in-transit	314.69	186.46
	1,412.33	1,135.11
(b) Packing materials	91.90	63.24
Packing materials-in-transit	-	0.09
	91.90	63.33
(c) Work-in-progress	133.46	93.42
(d) Finished goods	1,596.70	1,525.78
Finished goods-in-transit	0.78	3.21
	1,597.48	1,528.99
(e) Stock-in-trade (acquired for trading)	382.52	406.57
Stock-in-trade (acquired for trading) in-transit	49.90	41.93
	432.42	448.50
(f) Stores, spares and consumables	130.47	120.24
Stores, spares and consumables-in-transit	0.54	0.22
	131.01	120.46
Total	3,798.60	3,389.81

The cost of inventories recognised as an expense during the year is disclosed in Note 25.

The cost of inventories recognised as an expense includes ₹ 15.00 crores (Previous year - ₹ 37.76 crores) in respect of write down of inventory to net realisable value. There has been reversal of such write down by ₹ 2.12 crores in current year (Previous year NIL).

NOTE 12 : ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
Freehold Land	13.39	13.39
Building	0.10	0.47
Total	13.49	13.86

Subsidiaries of the Group intends to sell freehold land and building at Baddi and freehold land with fencing at Sanaswadi, as it no longer plans to utilise the same in the next 12 months. Impairment loss of ₹ 0.37 crores (Previous Year - ₹ 1.07 crores) was recognised during the year with respect to building at Baddi based on the expected fair value less cost to sell, the same has been grouped under "other expenses" in Consolidated Statement of Profit and Loss.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 13 : EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2021	As at 31.03.2020
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 31.03.2021		As at 31.03.2020	
	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 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 the Shareholders	As at 31.03.2021		As at 31.03.2020	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of ₹ 1 each held by:				
1. Sattva Holding and Trading Private Limited	5,63,88,682	5.88	5,63,88,682	5.88
2. Smiti Holding and Trading Company Private Limited	5,53,39,068	5.77	5,48,73,068	5.72

[®] 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 their meetings held on 22nd October, 2020, declared an interim dividend of ₹ 3.35 (Rupees three and paise thirty-five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 12th May, 2021 have recommended a payment of final dividend of ₹ 14.50 (Rupees fourteen and paise fifty only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March 2021. If approved, the total dividend (interim and final dividend) for the financial year 2020-21 will be ₹ 17.85 (Rupees seventeen and paise eighty five only) per equity share of the face value of ₹ 1 each (₹12.00 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

NOTE 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 Redemption Reserve	Statutory Reserves	General Reserve	Retained earnings	Other Reserves	Share of other reserves in Associate	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, 2020 (A)	39.16	44.38	5.37	14.37	4,715.75	5,204.64	(17.71)	-	2.48	(142.09)	168.63	(0.74)	10,034.24	403.53	10,437.77
Additions during the year:															
Profit for the year	-	-	-	-	-	3,139.29	-	-	-	-	-	-	3,139.29	67.46	3,206.75
Items of OCI for the year, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	(46.86)	(9.61)	(56.47)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(46.86)	-	-	(46.86)	(9.61)	(56.47)
Remeasurement of the defined benefit plans	-	-	-	-	-	(4.25)	-	-	-	-	-	-	(4.25)	(0.20)	(4.45)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	52.38	-	52.38	-	52.38
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	2.13	-	-	-	2.13	-	2.13
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	-	0.73	0.73	-	0.73
Total Comprehensive income for the year (B)	-	-	-	-	-	3,135.04	-	-	2.13	(46.86)	52.38	0.73	3,143.42	57.65	3,201.07
Reductions during the year:															
Dividends (Refer note 31)	-	-	-	-	-	(465.23)	-	-	-	-	-	-	(465.23)	(38.32)	(503.55)
Equity/other changes in associate	-	(2.91)	-	-	-	-	-	0.85	-	-	-	-	(2.06)	-	(2.06)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.43	-	(0.43)	-	-	-	-	-	-	-	-	-
Total (C)	-	(2.91)	-	0.43	-	(465.66)	-	0.85	-	-	-	-	(467.29)	(38.32)	(505.61)
Balance as at 31st March, 2021 (A+B+C)	39.16	41.47	5.37	14.80	4,715.75	7,874.02	(17.71)	0.85	4.61	(188.95)	221.01	(0.01)	12,710.37	422.68	13,133.23

1. Description of nature and purpose of each reserve

Capital Reserve -

- 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.
- 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 of ₹ 2.91 crores is on account of acquisition of business from Whitford India Private Limited (PPCAP), associate entity of the Group.

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.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 14 : OTHER EQUITY (CONTD.)

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 further transfer is required when the reserve reaches certain percentage of the issued capital of the subsidiary. The statutory reserve may only be distributed to shareholders upon liquidation of the subsidiary or in the circumstances stipulated in the regulations

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 and increase in stake of 1.71% effected through buyback done by Asian Paints (Nepal) Private Limited.

Share of other reserves in Associate - This reserve is created during the year to recognize restricted stock units (RSUs) granted in PPG Asian Paints Private Limited (PPGAP), associate entity of the Group.

2. The Group doesn't have any material subsidiary warranting a disclosure in respect of individual subsidiaries.

	Reserves and Surplus					Attributable to owners of the Company					Total	Non-controlling interests	Total		
	Capital Reserve on Consolidation	Capital Reserve	Statutory Reserves	General Reserve	Retained earnings	Other Reserves	Share of other reserves in Associate	Debt instruments through OCI	Foreign Currency Translation Reserve	Equity instruments through OCI				Share of OCI in associate	Total attributable to owners of the Company
Balance as at 1st April, 2019 (A)	39.16	44.38	5.37	13.68	4,715.75	4,604.60	(15.72)	-	(0.01)	(142.68)	110.90	(0.80)	9,374.63	361.25	9,735.88
Additions during the year :															
Profit for the year	-	-	-	-	-	2,705.17	-	-	-	-	-	-	2,705.17	69.02	2,774.19
Items of OCI for the year, net of tax															
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	0.59	-	-	0.59	7.86	8.45
Remeasurement of the defined benefit plans	-	-	-	-	-	(10.42)	-	-	-	-	-	-	(10.42)	-	(10.42)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	-	57.73	-	57.73	-	57.73
Net fair value gain on investment in debt instruments through OCI	-	-	-	-	-	-	-	-	2.49	-	-	-	2.49	-	2.49
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	-	0.06	0.06	-	0.06
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,694.75	-	-	2.49	0.59	57.73	0.06	2,755.62	76.88	2,832.50
Reductions during the year :															
Dividends (Refer note 31)	-	-	-	-	-	(1,740.95)	-	-	-	-	-	-	(1,740.95)	(30.30)	(1,771.25)
Income tax on Dividend (Refer note 31)	-	-	-	-	-	(353.07)	-	-	-	-	-	-	(353.07)	-	(353.07)
Effect of stake acquired from non controlling interest	-	-	-	-	-	-	(1.99)	-	-	-	-	-	(1.99)	(4.30)	(6.29)
Equity/other changes in associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserves and General Reserve	-	-	-	0.69	-	(0.69)	-	-	-	-	-	-	-	-	-
Total (C)	-	-	-	0.69	-	(2,094.71)	(1.99)	-	2.48	(142.09)	168.63	(0.74)	(2,096.01)	(34.60)	(2,130.61)
Balance as at 31st March, 2020 (A+B+C)	39.16	44.38	5.37	14.37	4,715.75	5,204.64	(17.71)	-	2.48	(142.09)	168.63	(0.74)	10,034.24	403.53	10,437.77

NOTE 15 : BORROWINGS[^]

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Secured				
(i) Term Loans				
From banks ⁺	0.18	-	0.37	8.55
(ii) Deferred payment liabilities				
Loan from State of Haryana [#]	14.31	18.50	7.89	5.90
(iii) Short term loans				
- from Banks or financial institutions ^{***}	-	-	38.52	11.32
(iv) Loan repayable on demand				
- Cash Credit / Overdraft Accounts ^{***}	-	-	25.47	52.26
Unsecured				
(i) Deferred payment liabilities				
Sales tax deferment scheme - State of Maharashtra ^{##}	0.04	0.13	0.09	0.13
(ii) Short term loans				
- from banks or financial institutions ^{****}	-	-	186.78	196.98
- working capital loan (repayable on demand) [@]	-	-	67.00	41.00
	-	-	253.78	237.98
(iii) Loan repayable on demand				
- Cash Credit / Overdraft Accounts ^{*****}	-	-	7.93	19.92
	14.53	18.63	334.05	336.06
Amount included under the head "Other Financial liabilities" (Refer note 17)	-	-	(8.35)	(14.58)
Total	14.53	18.63	325.70	321.48

Notes:

⁺ Secured against stock, receivables and immovable property held by one of the subsidiary company. To be repaid over 24 months with an capital grace period of 6 months. [Interest rate : 4% p.a. (Previous year : 4.5%)]

[#] 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. The Parent Company has received total interest free loan of ₹ 37.02 crores (Previous year - ₹ 35.06 crore) for the period from April 2010 to March 2015. 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 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, 2016 and 31st March, 2017, the Parent Company had made the necessary application to the Haryana Government for the issue of eligibility certificate. As on 31st March 2021, the Parent Company has repaid loan of ₹ 9.31 crores (Previous year - ₹ 3.41 crores).

^{***} Secured against the Fixed deposits, receivables, inventories, property, plant and equipment of certain subsidiary companies carry interest rate @ 5.00% - 6.00%p.a. (Previous year : 5.75% - 8.93% 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 2021 is ₹ 0.13 crores (as at 31st March 2020: ₹ 0.26 crores).

^{****} Unsecured short-term loan with respect to an International subsidiary bear interest at rates ranging from 0.50% to 2.00% p.a. (Previous year : 1.33% to 2.28% p.a.) and are repayable within 12 months

[@] Unsecured working capital demand loan with respect to an Indian subsidiary is obtained in 5 different tranches carrying interest as per treasury bill plus variable basis points as per mutual contractual agreement having expiry of 1 month to 6 months from date of disbursement.

^{*****} Unsecured cash credit/overdraft facility with banks carries interest rates of 5.20% to 6.90% p.a.(Previous year : 6.90% to 8.0% p.a)

[^] Default in terms of repayment of principal and interest - NIL

Notes to the Consolidated Financial Statements (Contd.)

NOTE 16 : LEASE LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Lease liabilities	561.36	589.94	183.18	173.87
Total	561.36	589.94	183.18	173.87

The maturity analysis of lease liabilities are disclosed in Note 30(C)(3).

NOTE 17 : OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Current maturities of Long-term debt (Refer note 15)	-	-	8.35	14.58
(b) Unpaid/ Unclaimed dividend #	-	-	26.67	22.47
(c) Others				
Retention monies relating to capital expenditure	1.09	0.46	19.12	36.44
Trade deposits from customers	1.18	1.33	0.23	0.02
Payable towards capital expenditure	-	-	45.03	47.26
Payable towards services received	-	-	483.14	248.92
Payable towards stores spares and consumables	-	-	18.39	14.26
Payable to employees [including ₹ 4.58 crores due to Managing Director (as at 31 st March 2020 ₹ 6.79 crores)]	1.07	0.15	244.91	178.76
Payable towards other expenses [including ₹ 4.70 crores due to Non-Executive Directors (as at 31 st March 2020 ₹ 3.53 crores)]	0.04	1.00	757.18	793.24
Forward exchange contract(net)	-	-	-	0.15
Others	-	-	-	18.24
Total	3.38	2.94	1,568.00	1,337.29

As at 31st March, 2021, ₹ 21.64 crores (31st March, 2020 : ₹ 22.47 crores) is the amount of unclaimed dividend which remains unpaid by the Parent company, and shall be transferred to Investor Education and Protection Fund ('IEPF') as and when they become due. There is no amount due and outstanding to be transferred to the IEPF by the Parent Company.

NOTE 18: PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Provision for Employee Benefits (Refer note 33)				
Provision for Compensated absences	175.20	144.21	25.11	22.20
Provision for Gratuity	1.69	1.52	24.24	12.64
Provision for Pension, Leaving Indemnity, Medical Plan and Others (unfunded)	32.33	31.34	1.72	0.36
Provision for Post retirement medical and other benefits	5.99	3.59	1.65	1.18
Others	-	0.09	-	-
Total	215.21	180.75	52.72	36.38

NOTE 18: PROVISIONS (CONTD.)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(b) Others (Refer note 43)				
Provision for Excise	-	-	2.24	2.24
Provision for CST/VAT and Other Statutory Liabilities	-	-	28.93	23.10
Provision for Warranties	-	-	0.54	0.74
	-	-	31.71	26.08
Total	215.21	180.75	84.43	62.46

NOTE 19 : OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(a) Revenue received in advance				
Advance received from customers	0.71	-	40.98	28.85
(b) Other Payables				
Statutory Dues Payable	0.42	-	170.59	90.40
Deferred income arising from government grant (Refer note 15)	3.41	4.64	1.76	2.25
Deferred income arising from sale of services	-	-	0.58	-
Other Advances	-	-	15.67	10.11
	3.83	4.64	188.60	102.76
Total	4.54	4.64	229.58	131.61

NOTE 20 : TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises	91.53	60.72
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,287.19	2,075.85
Total	3,378.72	2,136.57

*Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Group continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 232.43 crores (Previous year ₹ 116.93 crores).

Notes to the Consolidated Financial Statements (Contd.)

NOTE 21 : INCOME TAXES

(₹ in Crores)

	Year 2020-21	Year 2019-20
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	1,114.02	944.65
Adjustments in respect of previous year	7.74	5.48
Deferred tax:		
In respect of current year	(24.16)	(95.55)
Adjustments in respect of deferred tax of previous year	-	0.27
Income tax expense recognised in the Consolidated Statement of Profit and Loss	1,097.60	854.85
(ii) Income tax recognised in OCI		
Deferred tax:		
Income tax expense on fair value gain on investments in debt instruments through OCI	0.28	0.32
Income tax expense on net fair value gain on investments in equity instruments through OCI	4.88	8.71
Income tax (benefit) on remeasurements of the defined benefit plans	(1.79)	(1.19)
Income tax expense recognised in OCI	3.37	7.84
B. RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT FOR THE YEAR IS AS UNDER :		
Profit for the year before Share of Profit in Associate	4,275.75	3,583.25
Income tax expense calculated at 25.168%	1,076.12	901.83
Tax effect on non-deductible expenses	27.50	41.63
Incentive tax credits	(0.48)	(0.36)
Effect of Income which is taxed as special rates	(7.51)	(6.66)
Effect of Income that is exempted from tax	(5.46)	(13.99)
Effect of different tax rates in the components (including effect of change in tax rate)	(27.75)	(11.87)
Deferred Tax on undistributed profits (including effect of change in tax rate)	9.16	27.82
Effect of change in tax rate in India	-	(108.34)
Others	18.28	19.04
Total	1,089.86	849.10
Adjustments in respect of current income tax of previous year	7.74	5.48
Adjustments in respect of deferred income tax of previous year	-	0.27
Income tax expense reported in the Consolidated Statement of Profit and Loss	1,097.60	854.85

The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law.

NOTE 21 : 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, 2021**

(₹ 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
	01.04.2020	01.04.2020			2020-21	2020-21
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(385.24)	(10.07)	35.47	-	(345.63)	(8.71)
Provision for expense allowed for tax purpose on payment basis (Net)	30.31	2.62	5.46	-	35.82	3.03
Retirement Benefit Plans	8.82	3.14	(0.27)	1.79	9.86	3.22
Allowance for doubtful debts and advances	0.27	-	(0.27)	-	-	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	0.43	-	(0.43)	-	-	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.62)	-	-	(0.28)	(0.90)	-
Net fair value gain on investments in equity instruments through OCI	(8.71)	-	-	(4.88)	(13.59)	-
Net fair value loss on investments through FVTPL	(17.19)	-	(5.28)	-	(22.47)	-
Capital losses carried forward under Income Tax	-	2.57	(2.56)	-	-	-
Undistributed profits of subsidiaries/associates	(99.80)	-	(7.71)	-	(107.66)	-
Difference in Right-of-use asset and lease liabilities	22.41	0.65	2.85	-	25.12	0.75
Others	5.53	18.15	(3.10)	-	3.86	15.99
Deferred tax (expense) / benefit			24.16	(3.37)		
Net Deferred tax assets/(liabilities) of earlier years	(0.01)	(0.26)	-	-	-	-
Currency translation gain and other adjustments	-	-	-	4.88	-	-
Net Deferred tax assets/(liabilities)	(443.80)	16.80			(415.59)	14.28

As at 31st March, 2020

(₹ in Crores)

Particulars	Balance Sheet		Pursuant to disposal [Refer note 32]	Profit and Loss [^]	OCI [^]	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net				Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2019	01.04.2019				2019-20	2019-20
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	(530.07)	(2.07)	1.34	137.39	-	(385.24)	(10.07)
Provision for expense allowed for tax purpose on payment basis (Net)	44.61	3.54	-	(15.58)	0.03	30.31	2.62
Retirement Benefit Plans	6.13	3.68	-	0.28	1.16	8.82	3.14
Allowance for doubtful debts and advances	0.38	-	-	(0.11)	-	0.27	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	1.64	-	-	(1.20)	-	0.43	-

Notes to the Consolidated Financial Statements (Contd.)

NOTE 21 : INCOME TAXES (CONTD.)

As at 31st March, 2020 (Contd.)

(₹ in Crores)

Particulars	Balance Sheet		Pursuant to disposal [Refer note 32]	Profit and Loss*^	OCI^	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net				Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2019	01.04.2019				31.03.2020	31.03.2020
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.30)	-	-	-	(0.32)	(0.62)	-
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	(8.71)	(8.71)	-
Net fair value loss on investments through FVTPL	(17.34)	-	-	0.15	-	(17.19)	-
Capital losses carried forward under Income Tax	-	(1.59)	(0.41)	3.19	-	-	2.57
Undistributed profits of subsidiaries/associates	(72.27)	-	-	(27.65)	-	(99.80)	-
Difference in Right-of-use asset and lease liabilities	24.45	1.22	(0.09)	(2.28)	-	22.41	0.65
Others	-	23.40	(1.60)	2.14	-	5.53	18.15
Deferred tax (expense) / benefit			(0.76)	96.33	(7.84)		
Net Deferred tax assets/(liabilities) of earlier years	(0.50)	1.08	-	(0.27)	-	(0.01)	(0.26)
Currency translation gain and other adjustments	-	-	-	-	(0.45)	-	-
Net Deferred tax assets/(liabilities)	(543.27)	29.26				(443.80)	16.80

^ Includes effect of change in tax rate for certain Indian companies

* Includes deferred tax of 'Discontinued operations' (Refer note 32)

The Group has the following unused tax losses which arose on incurrance of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.

As at 31st March, 2021

(₹ in Crores)

Financial Year	Category	31.03.2021	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Depreciation	1.05	NA
2013-2014	Business loss	0.17	31 st March 2022
2013-2014	Depreciation	15.64	NA
2013-2014	Depreciation	0.97	NA
2013-2014	Business loss/Capital loss	0.46	31 st March 2022
2014-2015	Business loss	10.48	31 st March 2023
2014-2015	Depreciation	12.61	NA
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss/Capital loss	0.26	31 st March 2023
2015-2016	Business loss	9.48	31 st March 2024
2015-2016	Depreciation	11.30	NA
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss/Capital loss	0.10	31 st March 2024
2016-2017	Business Loss	10.76	31 st March 2022
2016-2017	Business loss	13.46	31 st March 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss/Capital loss	0.59	31 st March 2025

NOTE 21 : INCOME TAXES (CONTD.)**As at 31st March, 2021 (Contd.)**

(₹ in Crores)

Financial Year	Category	31.03.2021	Expiry Date
2017-2018	Business Loss	32.62	31 st March 2023
2017-2018	Business loss	5.20	31 st March 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.89	NA
2017-2018	Business loss/Capital loss	0.30	31 st March 2026
2018-2019	Business Loss	40.70	31 st March 2024
2018-2019	Business loss	15.58	31 st March 2027
2018-2019	Depreciation	7.23	NA
2018-2019	Depreciation	1.75	NA
2018-2019	Business loss/Capital loss	0.33	31 st March 2027
2019-2020	Business Loss	39.71	31 st March 2025
2019-2020	Business loss	30.77	31 st March 2028
2019-2020	Depreciation	6.44	NA
2019-2020	Depreciation	1.44	NA
2020-2021	Business loss	14.91	31 st March 2029
2020-2021	Depreciation	5.57	NA
2020-2021	Business loss	37.31	31 st March 2026

As at 31st March, 2020

(₹ in Crores)

Financial Year	Category	31.03.2020	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Depreciation	1.08	NA
2012-2013	Business loss/Capital loss	0.10	31 st March 2021
2013-2014	Business loss	0.83	31 st March 2022
2013-2014	Depreciation	15.64	NA
2013-2014	Depreciation	0.97	NA
2013-2014	Business loss/Capital loss	1.35	31 st March 2022
2014-2015	Business loss	11.45	31 st March 2023
2014-2015	Depreciation	12.61	NA
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss/Capital loss	0.26	31 st March 2023
2015-2016	Business loss	9.93	31 st March 2024
2015-2016	Depreciation	11.30	NA
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss/Capital loss	0.10	31 st March 2024
2015-2016	Business Loss	7.30	31 st March 2021
2016-2017	Business loss	13.46	31 st March 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss/Capital loss	0.59	31 st March 2025
2016-2017	Business Loss	18.24	31 st March 2022
2017-2018	Business loss	5.20	31 st March 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.89	NA
2017-2018	Business loss/Capital loss	0.30	31 st March 2026
2017-2018	Business Loss	37.39	31 st March 2023

Notes to the Consolidated Financial Statements (Contd.)

NOTE 21 : INCOME TAXES (CONTD.)**As at 31st March, 2020 (Contd.)**

(₹ in Crores)

Financial Year	Category	31.03.2020	Expiry Date
2018-2019	Business loss	15.33	31 st March 2027
2018-2019	Depreciation	7.47	NA
2018-2019	Depreciation	1.74	NA
2018-2019	Business Loss	46.06	31 st March 2024
2018-2019	Business loss/Capital loss	0.33	31 st March 2027
2019-2020	Business loss	32.90	31 st March 2028
2019-2020	Depreciation	6.44	NA
2019-2020	Business loss	50.07	31 st March 2025
2019-2020	Depreciation	0.80	NA

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 ₹ 426.03 crores (Previous year : ₹ 319.76 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.

NOTE 22 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2021	As at 31.03.2020
Provision for Income Tax (net)	121.23	180.05
Total	121.23	180.05

NOTE 23A : REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Revenue from sale of products	21,440.24	20,025.96
Revenue from sale of services	44.96	22.36
Other operating revenue*	227.59	162.93
Total	21,712.79	20,211.25

* The Parent Company's manufacturing facilities at Maharashtra and Andhra Pradesh are eligible to receive incentive in form of refund of SGST, refund of stamp duty and refund of/ exemption from payment of electricity duty as per the Industrial Promotion Schemes of the respective State Government and Memorandum of Understanding signed with the respective State Government. During the year, ₹ 182.44 crores (Previous year - ₹ 116.65 crores) is included under the head "Other operating revenue" on accrual basis.

NOTE 23B : REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2020-21	Year 2019-20
A. REVENUE FROM CONTRACT WITH CUSTOMERS DISAGGREGATED BASED ON NATURE OF PRODUCT OR SERVICES		
Revenue from Sale of Products		
Paints and allied products	20,950.72	19,583.81
Home improvement	489.52	442.15
Revenue from Sale of Services		
Decor & related services	36.20	15.60
Other Services	8.76	6.76
Other operating revenues		
Processing and service income	17.80	14.45

NOTE 23B : REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)

(₹ in Crores)

	Year 2020-21	Year 2019-20
Scrap sales	26.34	24.05
Others	0.56	5.75
Other Income (Refer note 24(c)(ii))		
Royalty received		
- From associate	2.82	3.22
- From Others	0.30	0.29
Total	21,533.02	20,096.08
B. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON GEOGRAPHY		
Home	21,352.29	19,923.38
Exports	180.73	172.70
Total	21,533.02	20,096.08

NOTE 23C : RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Gross Revenue	25,267.63	23,189.18
Less: Discounts	3,734.61	3,093.10
Net Revenue recognised from Contracts with Customers	21,533.02	20,096.08

The Group has recognised a revenue of ₹ 18.08 crores (31st March 2020: ₹ 7.91 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. (Refer note 43)

The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a short duration and sale of service contracts are measured as per output method.

NOTE 24 : OTHER INCOME

(₹ in Crores)

	Year 2020-21	Year 2019-20
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	7.96	6.43
Other financial assets carried at amortised cost	59.36	59.28
	67.32	65.71
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	7.81	5.66
Dividends from mutual fund investments measured at FVTPL	-	21.47
	7.81	27.13
(c) Other non-operating income		
(i) Insurance claim received	9.18	0.43
(ii) Royalty received		
- From associate (Refer note 34)	2.82	3.22
- From Others	0.30	0.29
	3.12	3.51

Notes to the Consolidated Financial Statements (Contd.)

NOTE 24 : OTHER INCOME (CONTD.)

	(₹ in Crores)	
	Year 2020-21	Year 2019-20
(iii) Net gain arising on financial assets measured at FVTPL [#]	93.61	76.09
(iv) Others	90.66	116.08
	196.57	196.11
(d) Other gains and losses		
Net foreign exchange gains (Other than considered as finance cost)	9.82	-
Net gain on sale of property, plant and equipment	18.33	14.17
Net gain on modification/ termination of leases	3.20	1.19
	31.35	15.36
Total	303.05	304.31

*Relates to investments held at the end of reporting period

[#] Includes gain on sale of financial assets measured at FVTPL for ₹ 2.23 crores (Previous year ₹ 1.37 crores).

NOTE 25 (A) : COST OF MATERIALS CONSUMED

	(₹ in Crores)	
	Year 2020-21	Year 2019-20
Raw Materials Consumed		
Opening Stock	1,135.11	1,165.50
Add : Purchases	8,830.18	8,424.97
	9,965.29	9,590.47
Less: Closing Stock	1,412.33	1,135.11
	8,552.96	8,455.36
Less : Pursuant to disposal (Refer note 32)	-	4.20
	8,552.96	8,451.16
Packing Materials Consumed		
Opening Stock	63.33	54.13
Add : Purchases	1,792.70	1,650.04
	1,856.03	1,704.17
Less : Closing Stock	91.90	63.33
	1,764.13	1,640.84
Less : Pursuant to disposal (Refer note 32)	-	0.22
	1,764.13	1,640.62
TOTAL COST OF MATERIALS CONSUMED	10,317.09	10,091.78

NOTE 25 (B) : PURCHASES OF STOCK-IN-TRADE

	1,872.59	1,530.83
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NOTE 25 (C) : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS**Stock at the beginning of the year**

Finished Goods (including goods in transit)	1,528.99	1,395.59
Work-in-Progress	93.42	116.81
Stock-in-trade-acquired for trading (including goods in transit)	448.50	325.73
Less : Pursuant to disposal (Refer note 32)	-	6.37
Total	2,070.91	1,831.76

NOTE 25 (C) CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS (CONTD.)

(₹ in Crores)

	Year 2020-21	Year 2019-20
Stock at the end of the year		
Finished Goods (including goods in transit)	1,597.48	1,528.99
Work-in-Progress	133.46	93.42
Stock-in-trade-acquired for trading (including goods in transit)	432.42	448.50
Total	2,163.36	2,070.91
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	(92.45)	(239.15)

NOTE 26 : EMPLOYEE BENEFITS EXPENSES

(₹ in Crores)

	Year 2020-21	Year 2019-20
Salaries and wages	1,349.11	1,201.48
Contribution to provident and other funds (Refer note 33)	81.71	67.12
Staff welfare expenses	109.93	97.49
Total	1,540.75	1,366.09

NOTE 27 : OTHER EXPENSES

(₹ in Crores)

	Year 2020-21	Year 2019-20
Consumption of stores, spares and consumables	59.51	60.42
Power and fuel	86.05	97.79
Processing charges	137.11	131.71
Repairs and maintenance:		
Buildings	19.25	16.09
Machinery	48.03	49.14
Other assets	40.28	48.14
	107.56	113.37
Rates and taxes	17.16	14.79
Corporate social responsibility expenses	63.84	75.87
Commission to Non Executive Directors	4.70	3.53
Directors' sitting fees	2.16	1.65
Auditors' Remuneration	4.34	4.44
Net loss on foreign currency transactions and translations (Other than considered as finance cost)	-	1.23
Freight and handling charges	1,353.22	1,207.87
Advertisement expenses	784.96	917.54
Bad debts written off	3.42	6.28
Allowances for doubtful debts and advances (net)	33.43	33.62
Insurance	28.36	27.86
Travelling expenses	57.65	139.01
Miscellaneous expenses	475.74	462.95
Total	3,219.21	3,299.93

Note 1 : Expense relating to short-term leases amounts to ₹ 0.66 crores (Previous year ₹ 1.81 crores) and leases of low value assets amounts to ₹ 25.71 crores (Previous year ₹ 26.46 crores)

Note 2: Other expenses include variable lease payments of ₹ 131.72 crores (Previous year ₹ 128.96)

Notes to the Consolidated Financial Statements (Contd.)

NOTE 28 : FINANCE COSTS

(₹ in Crores)

	Year 2020-21	Year 2019-20
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	9.95	15.11
(b) Interest on bill discounting	10.75	18.98
(c) Interest on loan from State of Haryana	2.32	1.59
(d) Interest on lease liabilities	57.46	64.41
(e) Other interest expense	2.15	2.08
Total interest expense for financial liabilities carried at amortised cost	82.63	102.17
Interest on income tax	9.00	0.16
Total	91.63	102.33

NOTE 29 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2020-21	Year 2019-20
Depreciation of Property, Plant and Equipment (Refer note 2A)	544.45	532.43
Depreciation of Right-Of-Use assets (Refer note 2B)	215.16	212.91
Amortisation of Other Intangible assets (Refer note 3(B))	31.66	35.16
Total	791.27	780.50

Note : Excludes depreciation/amortisation on account of disposal of subsidiary (Refer note 32)

NOTE 30 (A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)(D) & 4(II)(D)	324.11	419.59	3,197.17	458.00
Investments in unquoted equity shares	4(I)(A)(b)(ii)	1.07	1.07	-	-
Forward exchange contract (net)	7	-	-	0.88	-
		325.18	420.66	3,198.05	458.00
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares #	4(I)(A)(a)	578.42	521.16	-	-
Investments in quoted debentures or bonds	4(I)(C)(a)	81.35	106.77	28.33	0.50
		659.77	627.93	28.33	0.50
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)B & 4(II) (A)	*	*	41.17	53.98
Investments in unquoted debentures or bonds	4(I)(C)(b) & 4(II) (C)	0.83	1.15	0.45	-
Sundry deposits	5	61.89	68.24	16.87	18.41
Finance lease receivables	5	-	-	0.72	0.26
Trade receivables	6	2.89	4.21	2,602.17	1,795.22
Royalty receivable	7	-	-	0.47	0.23
Subsidy receivable from state government	7	521.56	232.39	18.08	144.68
Interest accrued on investments in debentures or bonds measured at FVTOCI	7	-	-	3.99	4.01
Quantity discount receivable	7	-	-	225.67	160.55
Bank deposits with more than 12 months original maturity	7	4.99	11.28	922.70	464.85
Due from associate company	7	-	-	0.79	2.10
Other receivables	7	-	0.23	2.21	2.08
Retention monies receivable from Customers	7	0.54	-	1.63	-
Cash and Cash Equivalents	8A	-	-	346.39	563.83
Other Bank Balances	7 & 8B	5.08	4.41	267.59	222.15
		597.78	321.91	4,450.91	3,432.35

NOTE 30 (A) : CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTD.)

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Financial liabilities measured at amortised cost					
Loan from State of Haryana	15	14.31	18.50	7.89	5.90
Sales tax deferment scheme - State of Maharashtra	15	0.04	0.13	0.09	0.13
Term Loan from Bank	15	0.18	-	0.37	8.55
Short Term loans	15	-	-	292.30	249.30
Loan repayable on demand - Cash Credit / Overdraft Accounts	15	-	-	33.40	72.18
Lease Liabilities	16	561.36	589.94	183.18	173.87
Retention monies relating to capital expenditure	17	1.09	0.46	19.12	36.44
Payable towards capital expenditure	17	-	-	45.03	47.26
Payable towards services received	17	-	-	483.14	248.92
Payable towards stores, spares and consumables	17	-	-	18.39	14.26
Payable to employees	17	1.07	0.15	244.91	178.76
Unpaid/Unclaimed dividend	17	-	-	26.67	22.47
Trade Deposits from certain customers	17	1.18	1.33	0.23	0.02
Forward exchange contract (net)	17	-	-	-	0.15
Payable towards other expenses	17	0.04	1.00	757.18	793.24
Trade payables (including Acceptances)	20	-	-	3,378.72	2,136.57
Others	17	-	-	-	18.24
		579.27	611.51	5,490.62	4,006.26

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 losses relating to these investments in the Consolidated Statement of Profit and Loss may not be indicative of the performance of the Group.

* ₹ 39,500/-

NOTE 30 (B) : FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities :

As at 31st March, 2021

(₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2021	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))	578.42	578.42	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a) and 4(II)(B))	109.68	109.68	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)(D) & 4(II)(D))	3,521.28	3,521.28	-	-
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)	0.88	0.88	-	-

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30 (B) : FAIR VALUE MEASUREMENTS (CONTD.)As at 31st March, 2020

(₹ in Crores)

Financial assets/ financial liabilities	Fair value As at 31.03.2020	Fair value hierarchy		
		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))	521.16	521.16	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a) and 4(II)(B))	107.27	107.27	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(II)(D) & 4(II)(D))	877.59	877.59	-	-
Investments in unquoted equity shares (Refer note 4(II)(A)(b)(ii))	1.07	-	-	1.07
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 17)	0.15	0.15	-	-

(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 Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables.

The Group is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') of the parent company oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Group formulated by the Risk Management Committee of the parent company and approved by the Board, states the Group's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Group's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group's financial performance. The Board has been monitoring the risks that the Group is exposed to due to outbreak of COVID-19. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity 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 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 2021 would decrease/increase by ₹ 1.70 crores (Previous Year ₹ 2.39 crores).

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)**1) Market Risk (Contd.)****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 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
USD	867.75	487.82	226.57	147.32
EUR	83.50	86.21	4.73	9.45
GBP	5.03	5.64	0.07	0.19
SEK	0.04	0.04	-	-
SGD	0.40	0.15	0.11	0.29
JPY	0.49	0.63	-	-
AED	23.41	22.19	70.59	66.25
Others	2.50	1.16	19.84	20.34
Total	983.12	603.84	321.91	243.84

The above table represents total exposure of the Group 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 31.03.2021	37.00	29.44	215.24
Forward contract to buy USD - As at 31.03.2020	5.00	4.29	32.27

The Group is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2020-21	Year 2019-20	Year 2020-21	Year 2019-20
+5%	(17.48)	(12.49)	(17.48)	(12.49)
-5%	17.48	12.49	17.48	12.49

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, 2021, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 578.42 crores (Previous year ₹ 521.16 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 and debentures recognised at FVTOCI. As at 31st March, 2021, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 109.68 crores (Previous year ₹ 107.27 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds and debentures are given in Note 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:

Notes to the Consolidated Financial Statements (Contd.)

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)**1) Market Risk (Contd.)****c) Other Price Risk (Contd.)**

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2021, Other Comprehensive Income for the year ended 31st March, 2021 would increase by ₹ 51.11 crores (2019-20 ₹ 46.93 crores) and decrease by ₹ 51.11 crores (2019-20 ₹ 46.93 crores) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2021. 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, bonds and debentures), 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 based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

For trade receivables, as a practical expedient, the Group companies compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period for the Parent Company is given below. Additionally, considering the COVID-19 situation, the Group has also assessed the performance and recoverability of trade receivables. The Group has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group expects to fully recover the carrying amount of trade receivables.

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

Above matrix for expected credit loss allowance is used by the Parent Company. Similar matrix has been prepared for respective subsidiaries considering business context of the respective subsidiaries.

(₹ in crores)

Movement in expected credit loss allowance on trade receivables	31.03.2021	31.03.2020
Balance at the beginning of the year	155.49	120.72
Loss allowance measured at lifetime expected credit losses	29.82	34.77
Balance at the end of the year	185.31	155.49

3) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in

NOTE 30 (C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (CONTD.)**3) Liquidity Risk (Contd.)**

cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

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, 2021					
Borrowings (Refer note 15)	325.70	20.04	-	345.74	340.23
Lease Liabilities (Refer note 16)	231.32	518.19	163.35	912.86	744.54
Trade Payables (Refer note 20)	3,378.72	-	-	3,378.72	3,378.72
Other financial liabilities (Refer note 17)	1,603.02	3.38	-	1,606.40	1,606.40
At 31st March, 2020					
Borrowings (Refer note 15)	321.48	31.79	-	353.27	340.11
Lease Liabilities (Refer note 16)	226.61	547.25	185.49	959.36	763.81
Trade Payables (Refer note 20)	2,136.57	-	-	2,136.57	2,136.57
Other financial liabilities (Refer note 17)	1,374.34	2.94	-	1,377.28	1,377.28

4) Risk due to outbreak of COVID-19 pandemic

The Group has taken into account external and internal information for assessing possible impact of COVID-19 on various elements of its Financial Statements, including recoverability of its assets.

NOTE 30 (D) : CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to 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.

NOTE 31 : DIVIDEND

(₹ in Crores)

	Year 2020-21	Year 2019-20
Dividend on equity shares paid during the year		
Final dividend for the FY 2019-20 [₹ 1.50 (Previous year ₹ 7.65) per equity share of ₹ 1 each]	143.88	733.79
Dividend distribution tax on final dividend	-	148.70
Interim dividend for the FY 2020-21 [₹ 3.35 (Previous year ₹ 10.50) per equity share of ₹ 1 each]	321.35	1,007.16
Dividend distribution tax on interim dividend	-	204.37
	465.23	2,094.02

Proposed Dividend:

The Board of Directors at its meeting held on 12th May, 2021 have recommended a payment of final dividend of ₹ 14.50 (Rupees fourteen and paise fifty only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2021. The same amounts to ₹ 1,390.84 crores.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 32: DISCONTINUED OPERATIONS

During the previous year on 16th September, 2019, Asian Paints International Private Limited, Singapore ('APIPL'), subsidiary of the Group entered into a Share Purchase Agreement with Omega Property Investments Pty Ltd., Australia for divestment of its entire stake in Berger Paints Singapore Pte. Limited, Singapore ('BPS').

The said transaction was concluded on 17th September, 2019 and the loss of discontinued operations and the resultant loss on disposal has been included in the Consolidated Financial Statements as loss from discontinued operations for year ended 31st March, 2020.

Analysis of loss for the year from discontinued operations:

The results of the discontinued operations included in the profit for the year ended 31st March, 2020 are as set below:

(₹ in Crores)	
Particulars	Year 2019-20
Revenue	52.20
Expenses	55.69
(Loss) before tax from discontinued operations	(3.49)
Tax benefit of discontinued operations	0.78
(Loss) after tax from discontinued operations (A)	(2.71)
Loss on disposal of BPS (net of tax) (B)	(2.24)
(Loss) after tax from discontinued operations (A+B)	(4.95)
Loss after tax from discontinued operations attributable to Owners of the Company	(4.95)
Amount reclassified from other comprehensive income and included in gain on disposal	
Exchange difference loss arising on translation of foreign operations	14.78
(₹ in Crores)	
Analysis of cash flow from discontinued operations	Year 2019-20
Net cash (outflow) from operating activities	2.35
Net cash (outflow) from investing activities	-
Net cash (outflow) from financing activities	(2.55)
(₹ in Crores)	
Computation of loss on disposal of BPS	Year 2019-20
Cash consideration received	19.63
Less: Carrying value of net asset sold (net of non-controlling interest)	(36.66)
Less: Exchange difference arising on translation of foreign operations	14.78
Loss on disposal	(2.24)
(₹ in Crores)	
Carrying amount of BPS' assets and liabilities disposed:	17th September, 2019
Property, plant and equipment	23.56
Non-current assets	
Intangible assets	0.15
Right of use assets	9.35
Deferred tax assets	0.76
Current assets	
Inventories	10.58
Trade receivables	31.91
Cash and bank balances	2.81
Other assets	1.69
Total assets	80.81

NOTE 32: DISCONTINUED OPERATIONS (CONTD.)

(₹ in Crores)	
Carrying amount of BPS' assets and liabilities disposed:	17th September, 2019
Non-Current Lease liabilities	9.26
Current Liabilities	
Lease liabilities	0.69
Trade payables and other liabilities	32.29
Other payables and provisions	1.91
Total Liabilities	44.15
Net assets derecognized	36.66

(₹ in Crores)	
Net cash inflow from BPS	17th September, 2019
Cash consideration received	19.63
Less: Cash and cash equivalents disposed of	2.81
Net cash inflow from BPS	16.82

NOTE 33 : 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.

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. These defined benefit plans are unfunded.

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.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 33 : EMPLOYEE BENEFITS (CONTD.)**1) Post-employment benefits : (Contd.)**

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, 2021 are as follows: -

1. TransValue Consultants
2. Padma Rada Aktuarial
3. Actuarial & Management Consultants (Pvt) Limited
4. Aon Consulting Private Ltd

The following tables summarise the components of net defined benefit expense recognised in the Consolidated Statement of Profit and Loss/OCI and the funded status and amounts recognised in the Balance Sheet for the respective plans:

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(i) Opening defined benefit obligation	201.64	178.35	1.58	1.34	31.91	26.47
(ii) Current service cost	15.32	13.61	0.20	-	3.86	3.45
(iii) Interest cost	13.41	13.45	0.09	0.09	2.11	1.82
(iv) Past Service Cost	9.56	0.63	-	-	-	-
(v) Sub-total included in Statement of Profit and Loss (ii+iii+iv)	38.29	27.69	0.29	0.09	5.97	5.27
(vi) Experience adjustment (Gain) / Loss	13.31	2.67	0.13	0.36	(0.88)	0.02
(vii) Financial (Gain) / Loss	(0.89)	14.09	(0.01)	0.08	1.02	0.30
(viii) Demographic (Gain) / Loss	0.26	(0.01)	-	-	0.14	0.04
(ix) Sub-total included in other comprehensive income (vi+vii+viii)	12.68	16.75	0.12	0.44	0.28	0.36
(x) Benefits paid	(18.95)	(21.15)	(0.36)	(0.29)	(3.01)	(2.10)
(xi) Exchange Difference on Foreign Plans	-	-	-	-	(1.09)	1.91
(xii) Closing defined benefit obligation (i+v+ix+x+xi)	233.66	201.64	1.63	1.58	34.06	31.91

NOTE 33 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits : (Contd.)

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
(xiii) Opening fair value of plan assets	187.48	161.32	-	-	-	-
(xiv) Expected return on plan assets	12.50	12.21	-	-	-	-
(xv) Sub-total included in Statement of Profit and Loss (xiv)	12.50	12.21	-	-	-	-
(xvi) Actuarial gains	6.84	7.25	-	-	-	-
(xvii) Sub-total included in other comprehensive income (xvi)	6.84	7.25	-	-	-	-
(xviii) Contributions by employer	19.80	27.84	-	-	-	-
(xix) Exchange Difference on Foreign Plans	-	(0.01)	-	-	-	-
(xx) Benefits paid	(18.89)	(21.13)	-	-	-	-
(xxi) Closing fair value of plan assets (xviii+xv+xvii+xviii+xix+xx)	207.73	187.48	-	-	-	-
(xxii) Net (Asset)/Liability (xii-xxi)	25.93	14.16	1.63	1.58	34.06	31.91
Expense recognised in:						
(xxiii) Statement of Profit and Loss (v-xv)	25.79	15.48	0.29	0.09	5.97	5.27
(xxiv) Statement of other comprehensive income (ix-xvii)	5.84	9.50	0.12	0.44	0.28	0.36

The major categories of plan assets of the fair value of the total plan assets for the Parent Company are as follows:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Government of India Securities (Central and State)	105.27	93.47
High quality corporate bonds (including Public Sector Bonds)	79.73	75.87
Equity shares, Equity mutual funds and ETF	9.39	5.39
Cash (including liquid mutual funds)	0.40	0.75
Others	4.31	5.29

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group plans are shown below:

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Discount Rate	6.39% to 6.94%	6.46% to 6.71%	6.87%	6.67%	3.80% to 9.88%	4.50% to 10.50%
Salary Escalation Rate	All Grades-10% for first year 9% for second year 8% thereafter	All Grades-9% for first 2 years 8% thereafter	-	-	3.50% to 12.00%	4.50% to 11.00%

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 occurring at the end of the reporting period, while holding all other assumptions constant.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 33 : EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits : (Contd.)

(₹ in Crores)

	Defined Benefits Plan		Pension (Unfunded Plan)		Leaving Indemnity, Gratuity, Medical Plan and Post retirement medical plan (Unfunded Plan)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021*	As at 31.03.2020
Defined Benefit Obligation - Discount Rate + 100 basis points	(17.54)	(16.09)	(0.09)	(0.09)	(0.23)	(0.20)
Defined Benefit Obligation - Discount Rate - 100 basis points	19.11	17.19	0.10	0.09	0.24	0.22
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	18.41	15.89	-	-	-	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(17.60)	(15.22)	-	-	-	-

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 6.87 years to 11.69 years (31st March, 2020: 6.81 years to 11.78 years.)

The Group expects to make a contribution of ₹ 47.14 crores (Previous year ₹ 29.43 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.

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, 2021.

The details of benefit obligation and plan assets of the provident funds as at 31st March, 2021 is as given below:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of benefit obligation at period end	661.02	580.64
Plan assets at period end, at fair value, restricted to asset recognized in Balance Sheet	661.02	580.64

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

Particulars	As at 31.03.2021	As at 31.03.2020
Discounting Rate	6.87%	6.67%
Expected Guaranteed interest rate	8.50%*	8.50%

*Rate announced by Central Board of Trustees of Employees Provident Fund Organisation for the FY 2020-21 and the same is used for valuation purpose.

NOTE 33 : EMPLOYEE BENEFITS (CONTD.)**2) Other Long term employee benefits:****Annual Leave and Sick Leave assumptions**

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2021 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 33.90 crores (Previous Year ₹ 28.29 crores).

(a) Financial Assumptions

Particulars	As at 31.03.2021	As at 31.03.2020
Discount Rate	3.80% to 9.88%	4.50% to 10.50%
Basic salary increases allowing for Price inflation	3.50% to 12.00%	4.50% to 11.00%

(b) Demographic Assumptions

Particulars	As at 31.03.2021	As at 31.03.2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	1.80% to 30%	1.80% to 30%
Leave Availment Ratio	2% to 5%	2% to 5%

NOTE 34 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021**a) Key Managerial Personnel:**

Name	Designation
Shri Amit Syngle	Managing Director & CEO (w.e.f 1 st April, 2020)
Shri R J Jeyamurugan	CFO & Company Secretary (w.e.f 27 th November, 2019)
Shri K. B. S. Anand	Managing Director & CEO (Retired on 31 st March, 2020)
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs (Retired on 26 th November, 2019)
Non-Executive Directors	
Shri. Ashwin Dani	Shri. M.K. Sharma
Shri. Abhay Vakil	Mrs. Vibha Paul Rishi
Shri. Malav Dani	Shri. R Seshasayee
Ms. Amrita Vakil	Shri Jigish Choksi
Shri. Manish Choksi	Shri. Suresh Narayanan
Shri. Deepak Satwalekar	Mrs. Pallavi Shroff
Dr. S. Sivaram	

b) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri. Varun Vakil

Notes to the Consolidated Financial Statements (Contd.)

NOTE 34 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)**c) Entities where Directors/Close family members of Directors having control/significant influence:**

Addverb Technologies Pvt Ltd	Hitech Corporation Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
Ankleshwar Industrial Development Society *	Hitech Specialities Solutions Ltd.	Resins and Plastics Ltd.
Ashwin Suryakant Dani (HUF)	Jalaj Trading And Investment Company Pvt. Ltd.	Ricinash Oil Mill Ltd.
Asteroids Trading And Investments Pvt Ltd	Jaldhar Investments And Trading Company Pvt. Ltd	Rupen Investment and Industries Pvt. Ltd.
Castle Investment & Industries Pvt. Ltd.	Lambodar Investments And Trading Company Ltd.	Sattva Holding and Trading Pvt. Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Lyon Investment and Industries Pvt. Ltd.	Satyadhama Investments And Trading Company Pvt. Ltd.
Dani Charitable Foundation	Murahar Investments And Trading Company Ltd.	Shardul Amarchand Mangaldas & Co. ^
Dani Finlease Ltd.	Navbharat Packaging Industries Ltd.	Stackpack Ltd. ^^
Doli Trading and Investments Pvt. Ltd.	Nehal Trading and Investments Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Elcid Investments Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Sudhanva Investments And Trading Company Pvt. Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Parekh Plast India Ltd. **	Suptaswar Investments And Trading Company Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Piramal Swasthya Management and Research Institute	Tru Trading And Investments Pvt. Ltd.
Gujarat Organics Ltd.	Pragati Chemicals Ltd. #	Unnati Trading And Investments Pvt. Ltd.
Hiren Holdings Pvt. Ltd.	Pratham Education Foundation ##	Vikatmev Containers Ltd.

* w.e.f. 22nd October, 2019** till 31st December, 2020# merged with Resins and Plastics Ltd from 1st August, 2020## w.e.f. 18th September, 2019^ w.e.f. 21st January, 2020^^ w.e.f. 20th January, 2021**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*

* The Company has ceased its business operations during the year.

NOTE 34 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

f) Details of related party transactions during the year ended 31st March, 2021:

(₹ 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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue from sale of products	7.09	12.35	0.28	0.00 *	0.00^^	-	0.00^	0.18	-	-
Processing Income	13.40	16.70	-	-	-	-	-	-	-	-
Royalty Income	3.17	3.61	-	-	-	-	-	-	-	-
Other non operating income	8.94	11.29	-	-	-	-	-	-	-	-
Other services – Paid	-	-	-	-	-	-	1.96	1.67	-	-
Reimbursement of Expenses - received	0.67	0.92	-	-	-	-	-	-	-	-
Purchase of goods	0.44	0.30	-	-	-	-	511.69	553.88	-	-
Remuneration	-	-	13.00	22.76**	0.64	0.54	-	-	-	-
Retiral benefits	-	-	0.14	10.68	-	-	-	-	-	-
Remuneration to Non Executive Directors	-	-	5.50	4.09	-	-	-	-	-	-
Reimbursement of Expenses - paid	0.45	0.13	-	-	-	-	-	-	-	-
Dividend Paid	-	-	19.74	73.99	29.62	110.83	196.25	734.28	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	89.39	92.87
Processing Charges	0.15	-	-	-	-	-	-	-	-	-
Sale of Assets	-	0.48	-	-	-	-	-	-	-	-
Corporate Social Responsibility Expenses	-	-	-	-	-	-	2.60	1.98	-	-
Outstanding as at 31st March										
Trade and other receivables	3.93	4.86	-	-	-	-	-	#	-	-
Trade and other payables	0.51	0.44	9.28	10.32	-	-	13.28	4.26	6.35	5.37

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors - Current year NIL (Previous year ₹ 20,827/-).

^ Revenue from sale of goods to Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors - Current year ₹ 5,397/-.

^^ Revenue from sale of goods to Close Family Members of Key Managerial Personnel - Current year ₹ 3,270/-.

* Revenue from sale of goods to Key Managerial personnel - Current year NIL (Previous year - ₹ 42,687/-).

** Includes remuneration of ₹ 1,75,15,148/- paid to Shri Manish Choksi for his past services in his erstwhile capacity as employee of the company.

Terms and conditions of transactions with related parties

- 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)

	2020-21	2019-20
Short-term employee benefits	18.50	25.55
Post-employment benefits	0.14	10.68
Other long-term benefits	-	1.30
Total compensation paid to key managerial personnel	18.64	37.53

Notes to the Consolidated Financial Statements (Contd.)

NOTE 34 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

	(₹ in Crores)	
	2020-21	2019-20
Revenue from sale of products		
PPG Asian Paints Private Limited	7.09	12.35
Others	0.28	0.18
	7.37	12.53
Processing Income		
PPG Asian Paints Private Limited	13.40	16.70
	13.40	16.70
Royalty Income		
PPG Asian Paints Private Limited	3.17	3.61
	3.17	3.61
Other non operating income		
PPG Asian Paints Private Limited	8.76	11.13
Others	0.18	0.16
	8.94	11.29
Processing charges		
PPG Asian Paints Private Limited	0.15	-
	0.15	-
Other Services Paid		
Addverb Technologies Private Limited	0.75	1.38
Shardul Amarchand Mangaldas & Co.	1.21	0.29
	1.96	1.67
Reimbursement of Expenses – Received		
PPG Asian Paints Private Limited	0.67	0.92
	0.67	0.92
Purchase of Goods		
Hitech Corporation Ltd	380.68	350.70
Parekhplast India Limited	69.37	119.68
Others	62.08	83.80
	512.13	554.18
Remuneration		
Shri Amit Syngle	10.42 ^	-
Shri R J Jeyamurugan	2.58 ^^	0.61
Shri. Varun Vakil	0.64	0.54
Shri. K.B.S. Anand	-	14.41
Shri. Jayesh Merchant	-	5.99
Shri. Manish Choksi	-	1.75
	13.64	23.30
Retiral Benefits		
Shri. K.B.S. Anand	-	6.36
Shri. Jayesh Merchant	-	4.18
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.07	0.07
	0.14	10.68

NOTE 34 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD.)

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

	(₹ in Crores)	
	2020-21	2019-20
Remuneration to Non Executive Directors		
Others	5.50	4.09
	5.50	4.09
Reimbursement of Expenses – Paid		
PPG Asian Paints Private Limited	0.45	0.13
	0.45	0.13
Dividend Paid		
Sattva Holding and Trading Private Limited	27.35	98.44
Smiti Holding And Trading Company Private Limited	26.61	98.87
Others	191.65	721.79
	245.61	919.10
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	41.66	36.44
Asian Paints Factory Employees Provident Fund	30.32	29.35
Asian Paints Management Cadres Superannuation Scheme	0.06	1.08
Asian Paints (India) Limited Employees' Gratuity Fund	17.35	26.00
	89.39	92.87
Sale of Assets		
PPG Asian Paints Private Limited.	-	0.48
	-	0.48
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	2.30#	1.55
Ankleshwar Industrial Development Society	0.27	0.21
Pratham Education Foundation	0.03	0.22
	2.60	1.98

^ Remuneration does not include Performance based incentive and Deferred incentive of ₹ 1.80 crores paid for previous years.

^^ Remuneration does not include Deferred incentive of ₹ 0.15 crores paid for previous years.

Additionally, an amount of ₹ 5.28 crores has been earmarked for ongoing project, for which provision is created during the year.

All the amounts reported in note 34 are inclusive of GST, wherever applicable.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 35 : 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 31.03.2021	As at 31.03.2020
Current Assets	870.72	732.91
Non-current Assets	505.16	521.99
Current Liabilities	(362.05)	(298.97)
Non-current Liabilities	(46.04)	(42.67)
Equity	967.79	913.26
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest*	483.90	456.63

* Includes share of other reserves in Associate and capital reserve amounting to ₹ 2.06 Crores (Refer note 14)

	(₹ in Crores)	
	Year 2020-21	Year 2019-20
Revenue	1,107.05	1,242.96
Cost of raw material and components consumed	(690.21)	(767.36)
Depreciation & amortization	(47.95)	(35.34)
Finance cost	(3.16)	(4.18)
Employee benefit	(121.78)	(106.50)
Other expenses	(167.41)	(196.01)
Profit before tax	76.54	133.57
Income tax expense	(19.34)	(32.10)
Profit for the year	57.20	101.47
Group's share of profit for the year	28.60	50.74
Group's share of other comprehensive income for the year	0.73	0.06
Group's total comprehensive income for the year	29.33	50.80

The associate had the following contingent liabilities and capital commitments:

	(₹ in Crores)	
	As at 31.03.2021	As at 31.03.2020
Contingent liabilities:		
Indirect Tax demands disputed in appeals	20.25	17.78
Direct Tax demand disputed in appeals	131.77	110.22
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	4.83	9.14

NOTE 36: 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)

	2020-21			2019-20		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
A. SEGMENT REVENUE						
Gross Revenue	21,205.73	508.71	21,714.44	19,753.57	457.68	20,211.25
Inter-segment revenue	-	1.65	1.65	-	-	-
Total Segment Revenue	21,205.73	507.06	21,712.79	19,753.57	457.68	20,211.25
B. SEGMENT RESULT	4,505.66	(27.63)	4,478.03	3,890.00	(70.39)	3,819.61
C. SPECIFIED AMOUNTS INCLUDED IN SEGMENT RESULTS						
Depreciation and amortisation	720.52	11.00	731.52	707.25	11.51	718.76
Interest Income	27.17	0.24	27.41	24.57	0.03	24.60
Net foreign exchange loss	8.94	(0.33)	8.61	4.15	(0.05)	4.10
Finance costs	77.33	4.42	81.75	96.77	3.90	100.67
Dividend Income	-	-	-	0.53	-	0.53
Share of profit of associate	28.60	-	28.60	50.74	-	50.74
D. RECONCILIATION OF SEGMENT RESULT WITH PROFIT AFTER TAX						
SEGMENT RESULT	4,505.66	(27.63)	4,478.03	3,890.00	(70.39)	3,819.61
Add/(Less):						
Interest Income			39.91			41.11
Depreciation and amortisation			(59.75)			(61.74)
Net foreign exchange gain			18.43			2.87
Dividend received			7.81			26.60
Net gain arising on financial assets measured at FVTPL			92.28			75.26
Finance costs			(9.88)			(1.66)
Income taxes			(1,097.60)			(854.85)
Other Un-allocable Expenses net of Un-allocable Income			(262.48)			(268.06)
PROFIT FROM CONTINUING OPERATION AFTER TAX AS PER STATEMENT OF PROFIT AND LOSS			3,206.75			2,779.14

Notes to the Consolidated Financial Statements (Contd.)

NOTE 36: SEGMENT REPORTING (CONTD.)

(₹ in Crores)

	31.03.2021			31.03.2020		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
OTHER INFORMATION						
Segment assets	14,164.29	420.13	14,584.42	12,861.98	375.18	13,237.16
Un-allocable assets			5,785.20			2,917.61
Total assets			20,369.62			16,154.77
Segment liabilities	6,372.17	223.20	6,595.37	4,870.60	186.51	5,057.11
Un-allocable liabilities			545.10			563.97
Total liabilities			7,140.47			5,621.08
Capital expenditure	181.70	2.68	184.38	221.73	5.96	227.69
Un-allocable capital expenditure			19.03			29.57
Total			203.41			257.26

(₹ in Crores)

	2020-21	2019-20
REVENUE FROM OPERATIONS		
Domestic Operations	19,222.84	17,869.48
International Operations	2,489.95	2,341.77
Total	21,712.79	20,211.25

(₹ in Crores)

	31.03.2021	31.03.2020
SEGMENT NON CURRENT ASSETS*		
Domestic Operations	5,242.47	5,600.13
International Operations	1,019.64	1,130.60
Total	6,262.11	6,730.73

* 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)

	2020-21			2019-20		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
Revenue from sale of products	20,950.72	489.52	21,440.24	19,583.81	442.15	20,025.96
Revenue from sale of services	36.20	8.76	44.96	15.95	6.41	22.36
Other operating revenues	36.37	8.78	45.15	37.16	9.12	46.28
Add : Items not included in disaggregated revenue						
Subsidy from government	182.44	-	182.44	116.65	-	116.65
Total Segment Revenue	21,205.73	507.06	21,712.79	19,753.57	457.68	20,211.25
Adjustments :						
Add : Items not included in segment revenue						
i) Royalty received						
- From Associate	2.82	-	2.82	3.22	-	3.22
- Others	0.30	-	0.30	0.29	-	0.29
Less : Items not included in disaggregated revenue						
i) Lease rent	0.45	-	0.45	2.03	-	2.03
ii) Subsidy from government	182.44	-	182.44	116.65	-	116.65
Revenue from contracts with customers (Note 23B)	21,025.96	507.06	21,533.02	19,638.40	457.68	20,096.08

NOTE 37: 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	
	2020-21		2020-21		2020-21		2020-21	
	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	91.4	12,091.10	95.2	3,052.52	(889.6)	50.53	96.9	3,103.05
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.3	39.82	0.1	1.62	0.2	(0.01)	0.1	1.61
Maxbhumi Developers Limited	0.1	12.50	(0.0)	(0.05)	-	-	(0.0)	(0.05)
Sleek International Private Limited	0.5	61.74	(0.7)	(21.09)	3.0	(0.17)	(0.7)	(21.26)
Asian Paints PPG Private Limited	0.6	85.90	0.3	10.93	3.3	(0.19)	0.3	10.74
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	(0.0)	(1.29)	(0.0)	(0.66)	-	-	-	(0.66)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.1	142.84	0.9	28.62	-	-	0.9	28.62
Asian Paints International Private Limited (formerly known as Berger International Private Limited)	8.0	1,053.80	2.0	63.58	-	-	2.0	63.58
Indirect Subsidiaries								
Samoa Paints Limited	0.0	3.29	0.0	0.47	-	-	0.0	0.47
Asian Paints (South Pacific) Pte Limited	0.3	35.83	0.3	9.58	-	-	0.3	9.58
Asian Paints (Tonga) Limited	-	-	(0.0)	(0.21)	-	-	(0.0)	(0.21)
Asian Paints (S I) Limited	0.0	4.86	0.1	3.45	-	-	0.1	3.45
Asian Paints (Vanuatu) Limited	0.0	2.83	0.0	0.74	-	-	0.0	0.74
Asian Paints (Middle East) LLC	0.4	50.28	0.1	4.66	(0.9)	0.05	0.1	4.71
Asian Paints (Bangladesh) Limited	0.4	55.99	0.1	1.59	7.4	(0.42)	0.0	1.17
SCIB Chemicals S.A.E.	0.6	85.21	0.4	12.56	-	-	0.4	12.56
Asian Paints (Lanka) Limited	0.2	27.39	0.0	1.31	1.1	(0.06)	0.0	1.25
Berger Paints Bahrain W.L.L.	0.3	41.77	0.7	23.43	(5.8)	0.33	0.7	23.76
Berger Paints Emirates LLC	0.8	101.49	0.4	12.31	(12.5)	0.71	0.4	13.02
Nirvana Investments Limited	0.0	2.38	0.1	2.97	-	-	0.1	2.97
Enterprise Paints Limited	(0.1)	(15.66)	0.3	9.90	-	-	0.3	9.90
Universal Paints Limited	0.2	21.15	0.6	19.52	-	-	0.6	19.52
Kadisco Paint and Adhesive Industry Share Company	0.3	34.44	0.3	8.75	(0.4)	0.02	0.3	8.77
PT Asian Paints Indonesia	0.7	88.40	(1.6)	(49.78)	0.9	(0.05)	(1.6)	(49.83)
PT Asian Paints Color Indonesia	0.0	0.26	(0.0)	(0.44)	-	-	(0.0)	(0.44)
Causeway Paints Lanka (Private) Limited	1.2	153.00	1.2	38.52	8.5	(0.48)	1.2	38.04
Minority Interests in all subsidiaries	3.2	422.86	2.1	67.46	172.7	(9.81)	1.8	57.65
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	3.7	483.90	0.9	28.60	(12.9)	0.73	0.9	29.33
Consolidation adjustments and Foreign Currency Translation Reserve (FCTR)	(14.0)	(1,856.93)	(3.9)	(124.11)	825.0	(46.86)	(5.3)	(170.97)
Total	100.0	13,229.15	100.0	3,206.75	100.0	(5.68)	100.0	3,201.07

Note: The above figures are before eliminating intra group transactions and intra group balances as at 31st March, 2021. Total of intra-group adjustments (including Foreign Currency Translation Reserve) is shown as separate line item.

Notes to the Consolidated Financial Statements (Contd.)

NOTE 37: 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	
	2019-20		2019-20		2019-20		2019-20	
	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	89.7	9,453.29	95.7	2,653.95	86.4	50.40	96.4	2,704.35
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.4	38.21	0.0	0.29	(0.1)	(0.04)	-	0.25
Maxbhumi Developers Limited	0.1	12.56	(0.0)	(1.11)	-	-	-	(1.11)
Sleek International Private Limited	0.8	83.00	(1.5)	(41.01)	(0.5)	(0.31)	(1.5)	(41.32)
Asian Paints PPG Private Limited	0.7	75.16	0.4	11.36	(0.1)	(0.05)	0.4	11.31
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	(0.0)	(0.63)	(0.0)	(0.53)	-	-	-	(0.53)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.1	121.00	1.3	36.09	-	-	1.3	36.09
Asian Paints International Private Limited (formerly known as Berger International Private Limited)	9.1	954.82	1.4	38.27	-	-	(1.9)	38.27
Indirect Subsidiaries								
Samoa Paints Limited	0.0	3.73	0.0	0.52	-	-	-	0.52
Asian Paints (South Pacific) Pte Limited	0.4	43.42	0.2	6.07	-	-	0.2	6.07
Asian Paints (Tonga) Limited	0.0	3.24	0.0	0.13	-	-	-	0.13
Asian Paints (S I) Limited	0.1	7.30	0.1	2.29	-	-	0.1	2.29
Asian Paints (Vanuatu) Limited	0.0	4.33	0.0	0.70	-	-	-	0.70
Asian Paints (Middle East) LLC	0.4	46.46	0.1	1.99	0.1	0.05	0.1	2.04
Asian Paints (Bangladesh) Limited	0.5	56.63	(0.2)	(4.52)	(0.2)	(0.10)	(0.2)	(4.62)
SCIB Chemicals S.A.E.	0.7	78.27	0.2	6.87	(0.1)	(0.06)	0.2	6.81
Asian Paints (Lanka) Limited	0.3	27.95	(0.0)	(0.10)	-	-	-	(0.10)
Berger Paints Singapore Pte Limited	-	-	(0.1)	(2.71)	-	-	(0.1)	(2.71)
Berger Paints Bahrain W.L.L.	0.4	38.70	0.5	15.06	(0.2)	(0.14)	0.5	14.92
Berger Paints Emirates LLC	1.0	101.35	0.5	14.76	0.3	0.20	0.5	14.96
Nirvana Investments Limited	0.0	2.24	-	-	-	-	-	-
Enterprise Paints Limited	(0.1)	(14.37)	-	-	-	-	-	-
Universal Paints Limited	0.2	19.71	0.8	23.16	-	-	0.8	23.16
Kadisco Paint and Adhesive Industry Share Company	0.4	41.21	0.5	13.46	0.0	0.01	0.5	13.47
PT Asian Paints Indonesia	1.2	125.13	(2.0)	(54.31)	0.1	0.03	(1.9)	(54.28)
PT Asian Paints Color Indonesia	0.0	0.64	(0.0)	(0.47)	-	-	-	(0.47)
Causeway Paints Lanka (Private) Limited	1.4	145.04	1.1	30.56	(0.4)	(0.20)	1.1	30.36
Minority Interests in all subsidiaries	3.8	403.53	2.5	69.02	13.5	7.87	2.7	76.89
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	4.3	456.63	1.8	50.74	0.1	0.06	0.8	50.80
Consolidation adjustments and Foreign Currency Translation Reserve (FCTR)	(17.0)	(1,794.86)	(3.5)	(96.34)	1.0	0.59	-	(95.75)
Total	100.0	10,533.69	100.0	2,774.19	100.0	58.31	100.0	2,832.50

Note: The above figures are before eliminating intra group transactions and intra group balances as at 31st March, 2020. Total of intra-group adjustments (including Foreign Currency Translation Reserve) is shown as separate line item.

NOTE 38 : CONTINGENT LIABILITIES AND COMMITMENTS**a) Contingent Liabilities:**

		(₹ in Crores)	
		As at 31.03.2021	As at 31.03.2020
1	Performance Bonds and Immigration Bonds given by Subsidiaries	4.69	13.19
2	Claims against the Group not acknowledged as debts		
	i. Tax matters in dispute under appeal	337.09	262.20
	ii. Others	62.78	46.67

b) Commitments:

		(₹ in Crores)	
		As at 31.03.2021	As at 31.03.2020
1	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	i. Towards Property, Plant and Equipment	169.31	99.27
	ii. Towards Intangible Assets	14.45	4.35
2	Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31 st March.	265.74	82.67
3	For derivative contract related commitments, (Refer note 30(C))	-	-

NOTE 39 : 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 31.03.21	% of Holding as at 31.03.20	Accounting period
Asian Paints (Nepal) Private Limited	Nepal	52.71	52.71	14 th Mar 2020 -13 th Mar 2021
Asian Paints International Private Limited	Singapore	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints Industrial Coatings Limited	India	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Refer note 40B)	India	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Maxbhumi Developers Limited	India	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Sleek International Private Limited	India	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints PPG Private Limited	India	50.00	50.00	1 st Apr 2020 -31 st Mar 2021

Notes to the Consolidated Financial Statements (Contd.)

NOTE 39 : DETAILS OF SUBSIDIARIES AND ASSOCIATE (CONTD.)**A) Subsidiaries: (Contd.)****ii) Indirect Subsidiaries**

a) Subsidiaries of Asian Paints (International) Private Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.21	% of Holding as at 31.03.20	Accounting period
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00	1 st Apr 2020 -31 st Mar 2021
PT Asian Paints Indonesia	Indonesia	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints (Tonga) Limited*	Kingdom of Tonga	-	100.00	1 st Apr 2020 -10 th Dec 2020
Asian Paints (South Pacific) Limited	Fiji Islands	54.07	54.07	1 st Apr 2020 -31 st Mar 2021
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints (Bangladesh) Limited	Bangladesh	89.78	89.78	1 st Apr 2020 -31 st Mar 2021
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00	49.00	1 st Apr 2020 -31 st Mar 2021
SCIB Chemicals S.A.E.	Egypt	60.00	60.00	1 st Apr 2020 -31 st Mar 2021
Samoa Paints Limited	Samoa	80.00	80.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints(Vanuatu) Limited	Republic of Vanuatu	60.00	60.00	1 st Apr 2020 -31 st Mar 2021
Asian Paints (Lanka) Limited	Sri Lanka	99.18	99.18	1 st Apr 2020 -31 st Mar 2021
Causeway Paints (Lanka) Pvt Ltd	Sri Lanka	100.00	100.00	1 st Apr 2020 -31 st Mar 2021

*Asian Paints (Tonga) Limited has ceased its business operations w.e.f. 10th December, 2020 and liquidated all its assets & liabilities. The name of the Company was struck off from the registrar on 29th January, 2021.

b) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.21	% of Holding as at 31.03.20	Accounting period
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00	1 st Apr 2020 -31 st Mar 2021

c) Subsidiary of Nirvana Investments Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.21	% of Holding as at 31.03.20	Accounting period
Berger Paints Emirates LLC	U.A.E.	100.00	100.00	1 st Apr 2020 -31 st Mar 2021

d) Subsidiary of Universal Paints Limited:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.21	% of Holding as at 31.03.20	Accounting period
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00	1 st Apr 2020 -31 st Mar 2021

B) Associates:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.21	% of Holding as at 31.03.20	Accounting period
PPG Asian Paints Private Limited	India	50.00	50.00	1 st Apr 2020 -31 st Mar 2021
Subsidiaries of PPG Asian Paints Private Limited:				
Revocoat India Private Limited	India	100.00	100.00	1 st Apr 2020 -31 st Mar 2021
PPG Asian Paints Lanka Private Limited**	Sri Lanka	100.00	50.00	1 st Apr 2020 -31 st Mar 2021

**The Company has ceased its business operations during the year.

NOTE 40A :

A competitor of the Parent Company had filed a complaint with the Competition Commission of India (CCI) alleging the Parent Company to be hindering its entry in the decorative paints market by virtue of unfair use of the Parent Company's position of dominance in the market. On 14th January, 2020, the CCI passed a *prima facie* Order under the provisions of the Competition Act, 2002 directing the Director General (DG) to conduct an investigation into the matter. The Parent Company has received notices from the office of the DG seeking certain information and the Parent Company has been providing the same from time to time.

NOTE 40B :

The Board of Directors of the Parent Company and of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'), a wholly owned subsidiary of the Parent Company at their meetings held on 22nd January, 2020 and 20th January, 2020 respectively, had approved the Scheme of Amalgamation of Reno with the Parent Company, subject to necessary statutory and regulatory approvals, including approval of the National Company Law Tribunal (NCLT) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The final hearing of the petition for approval of the Scheme of amalgamation is pending before NCLT. Pending the approval of the Scheme of Amalgamation by NCLT, no effect has been given for the scheme in the Consolidated Financial Statements.

NOTE 41 : EARNING PER SHARE

	2020-21	2019-20
Basic and diluted earnings per share from continuing operations in rupees (face value - ₹ 1 per share)	32.73	28.25
Profit after tax from continuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	3,139.29	2,710.12
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)	-	(0.05)
Loss after tax from discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	-	(4.95)
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)	32.73	28.20
Profit after tax from Profit after tax from continuing and discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	3,139.29	2,705.17
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.

NOTE 42 : PURSUANT TO IND AS-116 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED:**1) Assets given on operating leases**

- Certain subsidiaries have provided tinting systems to its dealers on an operating lease basis. The lease period is four years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement.
- Future minimum lease rentals receivable as at 31st March, 2021 as per the lease agreements:

Particulars	(₹ in Crores)	
	As at 31.03.2021	As at 31.03.2020
Not Later than 1 year	0.18	1.83
Later than 1 year and not later than 5 years	0.22	0.35
Later than 5 years	-	-
Total	0.40	2.18

Notes to the Consolidated Financial Statements (Contd.)

NOTE 42 : PURSUANT TO IND AS-116 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED: (CONTD)**I) Assets given on operating leases (Contd.)**

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

- c) The initial direct cost relating to acquisition of tinting system is capitalised.
d) The information on gross amount of leased assets, depreciation and impairment is given in Note 2B.

II) Assets given on finance lease

- a) A subsidiary has given some of its plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.
b) The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2021 and 31st March, 2020 is as under:

(₹ in Crores)

	As at 31.03.2021			As at 31.03.2020		
	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	0.75	0.03	0.72	0.26	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-	-
Later than 5 years	-	-	-	-	-	-
Total	0.75	0.03	0.72	0.26	-	-

NOTE 43 : 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, 2021 IS AS FOLLOWS:

(₹ in Crores)

	Provision for Excise ⁽¹⁾		Provision for Sales Tax ⁽²⁾		Provision for Warranties ⁽³⁾		Other Provisions ⁽⁴⁾	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Opening Balance	2.24	0.63	22.95	30.51	0.74	2.62	0.15	0.14
Additions	-	2.16	9.37	3.60	0.36	0.40	-	0.01
(Utilizations)	-	-	(0.38)	(0.42)	(0.56)	(0.24)	(0.15)	-
(Reversals)	-	(0.55)	(3.06)	(10.74)	-	(0.41)	-	-
Disposal of Subsidiary (Refer note 32)	-	-	-	-	-	(1.64)	-	-
Currency Translation	-	-	0.05	-	-	0.01	-	-
Closing Balance	2.24	2.24	28.93	22.95	0.54	0.74	-	0.15

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.

- Excise provision 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 level.
- 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.
- Provision for other statutory liabilities represent provision for probable outflow towards employee related statutory liabilities.

NOTE 44A : CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES:

(₹ in Crores)

	As at 31.03.2020	Cash flows	Other Changes	Non-cash changes				As at 31.03.2021
				Net Additions	Fair value changes	Current/ Non-current classification	Foreign currency translation differences	
Borrowings- Non current (Refer note 15)	18.63	2.14	-	-	1.75	(8.35)	0.36	14.53
Borrowings- Current (Refer note 15)	321.48	37.78	(38.78)	-	-	-	5.22	325.70
Lease Liabilities (Refer note 16)	763.81	(202.95)	-	179.80	-	-	3.88	744.54
Other liabilities (Refer note 19)	6.89	-	-	-	(1.72)	-	-	5.17
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 17)	14.58	(14.21)	-	-	-	8.35	(0.37)	8.35

(₹ in Crores)

	As at 31.03.2019	Cash Flows	Other Changes	Non-cash changes				As at 31.03.2020
				Net Additions	Fair value changes	Current/ Non-current classification	Foreign currency translation differences	
Borrowings- Non current (Refer note 15)	19.06	17.91	-	-	(4.35)	(14.58)	0.59	18.63
Borrowings- Current (Refer note 15)	596.53	(268.79)	(14.11)	-	-	-	7.85	321.48
Lease Liabilities (Refer note 16)	693.02	(179.07)	(9.95)*	257.42	-	-	2.39	763.81
Other liabilities (Refer note 19)	2.58	-	-	-	4.31	-	-	6.89
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 17)	10.99	(10.49)	-	-	-	14.58	(0.50)	14.58

*Refer note 32

NOTE 44B:

Total cash flows for leases including variable lease payments is ₹ 387.26 crores (Previous year - ₹ 366.37 crores) which includes finance cost on lease liability of ₹ 57.46 crores (Previous year - ₹ 64.56 crores).

NOTE 45 :

The Consolidated Financials Statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on 12th May, 2021.

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 the Companies (Accounts) Rules, 2014)

PART "A": SUBSIDIARIES

All figures except exchange rates in ₹ crores

Sl No.	Name of the Subsidiary	Reporting Currency	Exchange Rate	Reporting period	Share Capital	Reserves & Surplus	Total Liabilities	Total Assets	Investments~	Turnover	PBT	Tax provision	PAT	Dividends for the year	% of Share holding
1	Asian Paints (Bangladesh) Ltd	Taka	0.87	Apr 20 to Mar 21	76.94	(14.58)	205.63	267.99	-	325.51	11.93	(10.20)	1.72	-	89.78
2	Asian Paints (Middle East) LLC	OMR	191.19	Apr 20 to Mar 21	21.45	81.16	100.50	203.11	-	213.21	11.02	(1.61)	9.41	-	49
3	Asian Paints (Nepal) Pvt Ltd	Nepal Rs	0.64	14 Mar 20 to 13 Mar 21	3.93	267.06	146.74	417.73	-	308.02	66.00	(11.40)	54.60	16.69	52.71
4	Asian Paints (S.I.) Ltd	SI \$	9.22	Apr 20 to Mar 21	0.58	5.89	1.93	8.41	-	12.94	4.59	-	4.59	8.05	75
5	Asian Paints (South Pacific) Pte Ltd	Fiji \$	35.72	Apr 20 to Mar 21	5.13	61.14	29.75	96.02	-	92.96	22.44	(4.49)	17.95	39.03	54.07
6	Asian Paints (Tonga) Ltd	\$ Top	33.25	01 Apr 20 to 10 Dec 20	-	-	-	-	-	0.88	(0.21)	-	(0.21)	2.76	100
7	Asian Paints (Vanuatu) Ltd	Vatu	0.65	Apr 20 to Mar 21	2.01	2.70	0.79	5.50	-	6.88	1.22	-	1.22	3.60	60
8	Asian Paints Industrial Coatings Ltd	₹	1.00	Apr 20 to Mar 21	30.45	9.37	5.62	45.44	15.72	15.74	1.62	-	1.62	-	100
9	Asian Paints (Lanka) Ltd	LKR	0.37	Apr 20 to Mar 21	29.18	(1.56)	34.62	62.24	-	106.05	2.79	(1.56)	1.23	-	99.18
10	Asian Paints International Private Ltd	SG\$	54.53	Apr 20 to Mar 21	819.67	234.13	214.41	1,268.21	-	-	68.33	(4.51)	63.83	-	100
11	Berger Paints Bahrain W.L.L.	BHD	195.76	Apr 20 to Mar 21	8.18	33.58	30.67	72.44	-	116.19	23.17	-	23.17	19.58	100
12	Berger Paints Emirates LLC	AED	19.98	Apr 20 to Mar 21	35.56	99.49	135.81	270.87	-	328.87	12.17	-	12.17	9.99	100
13	Kadisco Paint and Adhesive Industry Share Company	Ethiopian Birr	1.82	Apr 20 to Mar 21	45.44	22.09	67.35	134.88	1.27	127.83	23.32	(8.02)	15.30	12.37	51
14	Enterprise Paints Ltd	GBP	101.02	Apr 20 to Mar 21	1.47	(17.13)	15.66	#	-	-	10.31	-	10.31	10.31	100
15	Maxbhumi Developers Limited	₹	1.00	Apr 20 to Mar 21	0.42	12.08	1.02	13.52	-	-	(0.05)	-	(0.05)	-	100
16	Nirvana Investments Ltd	GBP	101.02	Apr 20 to Mar 21	#	1.91	-	1.91	-	-	3.09	-	3.09	3.09	100
17	Samoa Paints Ltd	WST \$	29.68	Apr 20 to Mar 21	0.27	3.85	0.66	4.78	-	5.51	0.82	(0.22)	0.59	1.60	80
18	SCIB Chemicals S.A.E.	EGP	4.68	Apr 20 to Mar 21	8.42	133.59	146.59	288.61	41.17	447.06	28.89	(7.30)	21.59	7.95	60
19	Universal Paints Ltd	GBP	101.02	Apr 20 to Mar 21	4.34	14.25	-	18.58	-	-	20.33	-	20.33	20.33	100
20	PT Asian Paints Indonesia	IDR	0.01	Apr 20 to Mar 21	298.38	(209.98)	86.04	174.44	-	49.57	(52.02)	-	(52.02)	-	100
21	PT Asian Paints Color Indonesia	IDR	0.01	Apr 20 to Mar 21	14.94	(14.68)	0.41	0.68	-	-	(0.44)	-	(0.44)	-	100
22	Sleek International Private Limited	₹	1.00	Apr 20 to Mar 21	0.20	61.54	154.49	216.24	#	264.54	(21.09)	-	(21.09)	-	100
23	Causeway Paints Lanka (Pvt) Ltd	LKR	0.37	Apr 20 to Mar 21	50.68	102.32	79.50	232.50	-	312.43	43.58	(7.62)	35.96	18.57	100
24	Reno Chemicals Pharmaceuticals and Cosmetics Pvt. Ltd	₹	1.00	Apr 20 to Mar 21	0.05	(1.34)	9.84	8.55	-	-	(0.66)	#	(0.66)	-	100

1. Names of subsidiaries which have been liquidated or sold during the last year.

Asian Paints (Tonga) Ltd

~ 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 31.03.2021.

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, 2021	31 st March, 2021
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	₹ 85.90 Crores	₹ 483.89 Crores
6	Profit for the year		
	i. Considered in Consolidation	₹ 21.87 Crores	₹ 28.60 Crores
	ii. Not Considered in Consolidation	NIL	₹ 28.60 Crores

- Names of joint ventures which are yet to commence operations - NIL
- 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

Ashwin Dani
Chairman
DIN: 00009126

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

Mumbai
12th May, 2021

Amit Syngle
Managing Director & CEO
DIN:07232566

R.J. Jeyamurugan
CFO & Company Secretary

GRI Content Index

Disclosure Number	Disclosure Title	Page Number
Foundation		
101	Foundation	4
General Disclosures		
102-1	Name of the organization	1
102-2	Activities, brands, products, and services	7
102-3	Location of headquarters	4
102-4	Location of operations	25, 38
102-5	Ownership and legal form	4, 6
102-6	Markets served	6, 78
102-7	Scale of the organization	24, 28, 33, 45
102-8	Information on employees and other workers	44, 45
102-9	Supply chain	73, 77
102-10	Significant changes to the organization and its supply chain	77
102-11	Precautionary Principle or approach	18
102-12	External initiatives	83
102-13	Membership of associations	73
102-14	Statement from senior decision-maker	10
102-15	Key impacts, risks, and opportunities	18
102-16	Values, principles, standards, and norms of behaviour	145
102-18	Governance structure	145
102-21	Consulting stakeholders on economic, environmental, and social topics	20, 21
102-22	Composition of the highest governance body and its committees	14,15
102-23	Chair of the highest governance body	14,15
102-29	Identifying and managing economic, environmental, and social impacts	22
102-30	Effectiveness of risk management processes	18
102-31	Review of economic, environmental, and social topics	18
102-40	List of stakeholder groups	20
102-41	Collective bargaining agreements	48
102-42	Identifying and selecting stakeholders	20
102-43	Approach to stakeholder engagement	20
102-44	Key topics and concerns raised	20
102-45	Entities included in the consolidated financial statements	4
102-46	Defining report content and topic Boundaries	4
102-47	List of material topics	22, 23
102-48	Restatements of information	There are no restatements
102-49	Changes in reporting	4
102-50	Reporting period	4
102-51	Date of most recent report	4
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	4
102-54	Claims of reporting in accordance with the GRI Standards	4
102-55	GRI content index	334

Disclosure Number	Disclosure Title	Page Number
Economic Performance		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	33
103-2	The management approach and its components	33
103-3	Evaluation of the management approach	33
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	33
Indirect Economic Impacts		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	70
103-2	The management approach and its components	70
103-3	Evaluation of the management approach	70
GRI 203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	70
Environment – Materials		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	58
103-2	The management approach and its components	58
103-3	Evaluation of the management approach	58
GRI 301: Materials		
301-1	Materials used by weight or volume	58
Environment – Energy		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	61
103-2	The management approach and its components	61
103-3	Evaluation of the management approach	61
GRI 302: Energy		
302-1	Energy consumption within the organization	61
302-3	Energy intensity	61
302-4	Reduction of energy consumption	62
Environment - Water Management		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	59
103-2	The management approach and its components	59
103-3	Evaluation of the management approach	59
GRI 303: Water and Effluent		
303-1	Interactions with water as a shared resource	59
303-2	Management of water discharge-related impacts	59, 65
303-3	Water withdrawal	59, 65
303-5	Water consumption	59
Biodiversity Management		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	60
103-2	The management approach and its components	60
103-3	Evaluation of the management approach	60

Disclosure Number	Disclosure Title	Page Number
GRI 304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60
304-2	Significant impacts of activities, products, and services on biodiversity	60
Environment – Emission Management		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	63
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	63
GRI 305: Emissions		
305-1	Direct (Scope 1) GHG emissions	63
305-2	Energy indirect (Scope 2) GHG emissions	63
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	63
Environment – Waste Management.		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	63
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	63
GRI 306: Effluents and Waste		
306-1	Water generation and significant waste related impacts	63
306-2	Management of significant waste related impacts	63
306-4	Waste diverted from disposal	41, 64
306-5	Waste diverted to disposal	65
Environment – Environmental Compliance		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	57
103-2	The management approach and its components	57
103-3	Evaluation of the management approach	57
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	57
Employment		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	44
103-2	The management approach and its components	44
103-3	Evaluation of the management approach	44
GRI 401: Employment		
401-1	New employee hires and employee turnover	45
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47
401-3	Parental leave	47
Labour/Management Relations		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	48
103-2	The management approach and its components	48
103-3	Evaluation of the management approach	48
GRI 402: Labour/Management Relations		
402-1	Minimum notice periods regarding operational changes	48

Disclosure Number	Disclosure Title	Page Number
Occupational Health and Safety		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	49
103-2	The management approach and its components	49
103-3	Evaluation of the management approach	49
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	49
403-2	Hazard identification, risk assessment, and incident investigation	49
403-3	Occupational health services	49
403-4	Worker participation, consultation, and communication on occupational health and safety	49
403-5	Worker training on occupational health and safety	50
403-6	Promotion of worker health	50
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50
403-8	Workers covered by an occupational health and safety management system	49
403-9	Work-related injuries	49
403-10	Work-related ill health	49
Training and Education		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	45
103-2	The management approach and its components	45
103-3	Evaluation of the management approach	45
GRI 404: Training and Education		
404-2	Programs for upgrading employee skills and transition assistance programs	44, 45
404-3	Percentage of employees receiving regular performance and career development reviews	46
Diversity and Equal Opportunity		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	47
103-2	The management approach and its components	47
103-3	Evaluation of the management approach	47
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	45
405-2	Ratio of basic salary and remuneration of women to men	47
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	48
103-2	The management approach and its components	48
103-3	Evaluation of the management approach	48
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	48
Child Labour		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	48
103-2	The management approach and its components	48
103-3	Evaluation of the management approach	48

Disclosure Number	Disclosure Title	Page Number
GRI 408: Child Labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	48
Local Communities		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	68
103-2	The management approach and its components	68
103-3	Evaluation of the management approach	68
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	68, 72
413-2	Operations with significant actual and potential negative impacts on local communities	72
Customer Satisfaction		
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	73
103-2	The management approach and its components	73
103-3	Evaluation of the management approach	73
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	73
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	73
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73

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Glossary of Abbreviations

FY	Financial year
ESG	Environment, Social and Governance
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
SDG	Sustainable Development Goals
NVG	National Voluntary Guidelines
QRI	Quality Rating Index
MDA	My Development Aim
GHG	Greenhouse Gas
JVC	Joint Value Creation team
MES	Manufacturing Execution System
DCS	Distributed Control System
EPR	Extended producer responsibility
KPI	Key Performance Indicators
VBF	Values-based Behaviours Framework
ILT	Instructor led trainings
WBT	Web based training
EAP	Employee Assistance Programme
R&T	Research and Technology
UNGC	United Nations Global Compact
HIRA	Health Identification and Risk Analysis
CAPA	Corrective and preventive actions
BBS	Behaviour-based safety
SUSA	Safe Unsafe Acts
HARP	Hazard Accident Risk Prevention
TOS	Touch on Safety
MMU	Mobile Medical Units
NSDC	National Skill Development Corporation
ERP	Enterprise Resource Planning
NPS	Net Promoter Score
FICCI	Federation of Indian Chambers of Commerce & Industry
R&D	Research and Development
CII	Confederation of Indian Industry
IPA	Indian Paints Association
RFT	Right First Time
AI	Artificial Intelligence
ML	Machine Learning
RPA	Robotic Process Automation
VOC	Volatile Organic Compound
RCS	Respirable Crystalline Silica
LCA	Life cycle assessment
CII-IBBI	Confederation of Indian Industry – India Business Biodiversity Initiative
NACP	Natural Capital Action Plan
TSD	Twin Shaft Disperser
PM	Particulate Matter
NO _x	Oxides of Nitrogen
SO _x	Oxides of Sulphur
TSDF	Treatment, Storage, and Disposal Facilities
EPR	Extended Producer Responsibility
PWM	Plastic Waste Management
ETP	Effluent Treatment Plant



Credits: Bihar Health Department, Care India and St+Art India Foundation



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Asian Paints is India's leading paint company with a group turnover of ₹ 217 billion.

Asian Paints operates in 14 countries and has 26 paint manufacturing facilities in the world serving consumers in over 60 countries. Besides Asian Paints, the group operates around the world through its various brands viz. Asian Paints Berger, Apco Coatings, SCIB Paints, Taubmans, Asian Paints Causeway and Kadisco Asian Paints.

Credits: TANSACS, Tidel Park Chennai,
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