

Report On Corporate Governance

Company's philosophy on Corporate Governance:

Corporate Governance is an integral element in today's business environment. It is a pre-requisite for attaining sustainable growth in the competitive and volatile world. Corporate Governance for your Company is fairness, accountability, disclosures and transparency.

The governance practices followed by your Company have played a vital role in its journey of continued success. All the procedures, policies and practices followed by the Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value.

During the year, the Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines, 2009. These guidelines broadly outline a framework for corporate sector on important parameters like appointment of directors (including independent directors), guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit. These guidelines are receiving attention of the Board of Directors of your Company.

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

Board of Directors:

Composition:

As on 31st March, 2010, the Board of the Directors comprised of fourteen (14) Directors of which six (6) were Non-Executive Directors, seven (7) were Non-Executive / Independent Directors and one was Managing Director & CEO of the Company.

As mentioned in the Annual Report for the year 2008-09, your Company appointed Mr. P M Murty as the whole-time Director with effect from 5th March, 2009 and Managing Director & CEO of your Company with effect from 1st April, 2009. Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, were appointed as Non-Executive Chairman, Non-Executive Vice-Chairman and Non-Executive Director, respectively, with effect from 1st April, 2009.

The Board of Directors at their meeting held on 16th September, 2009, appointed Mr. S Ramadorai as an Additional Director of your Company with effect from 16th September, 2009.

Mr. Hasit Dani, Non-Executive Director of the Company has resigned as a Director with effect from 3rd June, 2010. Accordingly, as on 3rd June, 2010, the Board of Directors comprise of thirteen (13) Directors of which five (5) are Non-Executive Directors, seven (7) are Non-Executive/ Independent Directors and one is Managing Director & CEO of the Company.

All the Directors of the Company, except the Managing Director & CEO, are liable to retire by rotation; of which one third retire every year and are eligible for re-election. The details of the Directors being appointed and re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

Number of Board Meetings:

During the financial year ended 31st March, 2010, eight (8) meetings of the Board of Directors were held on the following days and the maximum time gap between two (2) meetings did not exceed four (4) months:

Sr. No.	Date(s) on which the meeting(s) were held.	Sr. No.	Date(s) on which the meeting(s) were held.
1.	12 th May, 2009	5.	22 nd October, 2009
2.	25 th June, 2009	6.	25 th November, 2009
3.	25 th July, 2009	7.	22 nd January, 2010
4.	16 th September, 2009	8.	27 th March, 2010

The Board of Directors at the beginning of each financial year decide on a tentative schedule of the dates for the Board Meetings proposed to be convened for declaration of the quarterly, half-yearly and annual results of the Company. Additional meetings of the Board of Directors are convened as and when necessitated, by giving appropriate notice. In case, matters of urgent nature arise, resolutions are passed by circulation.

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

Name of the Director	Nature of Directorship	Date of joining the Board	Attendance		Directorship in other Companies (*)	Membership and Chairmanship Of the Committees of the Board of other Companies (**)	
			At the Board Meetings	At the last AGM		Committee Member	Committee Chairman
Ashwin Choksi	Non-Executive Chairman/ Promoter	18.10.1970	8	Yes	-	-	-
Ashwin Dani	Non-Executive Vice Chairman / Promoter	18.10.1970	8	Yes	6	3	2
Abhay Vakil	Non-Executive Director/ Promoter	01.03.1983	7	Yes	2	1	1
P. M. Murty	Managing Director and CEO	05.03.2009	8	Yes	-	-	-
Mahendra Choksi	Non-Executive/ Promoter	27.11.1992	7	Yes	2	-	-
Amar Vakil	Non-Executive/ Promoter	01.10.1995	8	No	3	-	-
Hasit Dani [§]	Non-Executive/ Promoter	23.07.2001	8	Yes	4	-	-
Tarjani Vakil	Non-Executive/ Independent	01.12.1998	8	Yes	6	6	3
Dipankar Basu	Non-Executive/ Independent	15.04.2000	8	Yes	8	4	3
Deepak Satwalekar	Non-Executive/ Independent	30.05.2000	8	Yes	7	4	2
R. A. Shah	Non-Executive/ Independent	07.04.2001	8	Yes	14	10	5
S. Sivaram	Non-Executive/ Independent	07.04.2001	4	Yes	2	1	-
Mahendra Shah	Non-Executive/ Independent	06.06.2001	8	Yes	3	-	-
S. Ramadorai [®]	Non-Executive / Independent	16.09.2009	4	Not Applicable	12	7	3

Notes:

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

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

§ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

® Mr. S Ramadorai was appointed as an Additional Director by the Board of Directors of the Company with effect from 16th September, 2009.

Board Procedures:

Before each meeting, the Company sends to the Board of Directors, Agenda for the meeting, along with comprehensive notes and information which is material for facilitating effective discussion and decision making at their meetings. The Senior Management of the Company, which includes the Managing Director & CEO, Business Unit heads and Functional heads of the Company, make presentations to the Board of Directors giving details of business strategy, performance, progress and other important developments within the organization on a periodical basis. The minutes of the proceedings of the Board of Directors are noted and the draft minutes are circulated to the members of the Board for their perusal. The Board has access to all the information of the Company including following information as specified in Annexure IA to the Clause 49 of the Listing Agreement:

- Annual budgets, operating plans and budgets and capital budgets,
- Quarterly, half yearly and annual results of the Company and its operating divisions or business segments along with the consolidated results of the group,
- Minutes of meetings of the Audit committee and other committee(s) of the Board,
- Information on recruitment and remuneration of senior officers just below the Board level,

- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant defaults in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions,
- Significant initiatives and developments on the human resource and industrial relations fronts,
- Sale of a material nature of investments, subsidiaries and assets, which are not in the normal course of business,
- Investment of funds of the Company,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,
- Status on legal cases,
- Proposals for investments, divestments, loans, guarantees, mergers and acquisitions,
- Approval of related party transactions,
- Compliance reports of all laws applicable to the Company,
- Minutes of the meetings of the Board of Directors of subsidiary companies including international subsidiaries,
- Risk management reports and presentations made by the senior management,
- Disclosures made by the senior management personnel as to all material financial and commercial transactions, where they have personal interest; and
- All other information which is relevant for decision-making by the Board.

Committees of the Board:

The Board of Directors of your Company has constituted four Committees namely: Audit Committee, Remuneration Committee, Shareholders / Investors Grievance Committee and Share Transfer Committee. The terms of reference of these Committees detailing their scope of work are determined by the Board from time to time. The minutes of the meetings of Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee are placed before the Board of Directors for their perusal. The details as to the composition, terms of reference, number of meetings and attendance, etc., of these Committees are provided hereunder:

Audit Committee:

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

The details as to the date(s) on which the meetings were held and attendance of the members of the Committee during the financial year ended 31st March, 2010 are as follows:

Sr. No.	Date(s) on which the meeting(s) were held.	Sr. No.	Date(s) on which the meeting(s) were held.
1.	27 th April, 2009	5.	22 nd October, 2009
2.	9 th May, 2009	6.	21 st January, 2010
3.	24 th July, 2009	7.	26 th March, 2010
4.	16 th September, 2009		

Sr. No.	Name	Meeting details	
		Held during the year	Attended
1.	Tarjani Vakil (Chairperson)	7	7
2.	Mahendra Shah	7	7
3.	Dipankar Basu	7	7

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

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

The Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations, statements of significant related party transactions, the financial statements and investments made by the unlisted subsidiary companies and any other matter which may be a part of its terms of reference or referred to by the Board of Directors.

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

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

Remuneration Committee:

Composition and terms of reference:

The Remuneration Committee of the Board of Directors of the Company consists of three (3) Independent Directors. The Committee's terms of reference includes reviewing and recommending to the Board, the salary, commission, other benefits, service agreements and employment conditions of the Whole-time and the Managing Director and to approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956.

The details as to the composition of the Remuneration Committee, dates on which the meetings were held and the attendance of the members of the Committee during the financial year ended 31st March, 2010 are as follows:

Sr. No.	Date(s) on which the meeting(s) were held during the financial year 2009-2010	Sr. No.	Date(s) on which the meeting(s) were held during the financial year 2009-2010
1.	27 th April, 2009	3.	5 th January, 2010
2.	13 th July, 2009	4.	22 nd January, 2010

Sr. No.	Name	Meeting details	
		Held during the year	Attended
1.	Dipankar Basu (Chairman)	4	4
2.	Tarjani Vakil	4	4
3.	Deepak Satwalekar	4	4

Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary acts as the Secretary to the Committee.

Remuneration Policy:

The Remuneration Policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The Company has in place Performance Focused Management System which aims at focusing and aligning the performance of the individual employees to the organisational objectives. The system involves a comprehensive process which includes different stages like goal setting exercise, performance review, ratings and rewards. It ensures that all employees know what is expected of them in their job, and are able to measure their performance. It provides a framework which assists employees to develop their capabilities

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

Managing Director:

The Remuneration Committee comprising of Independent Directors decides the remuneration payable to the Managing Director & CEO of the Company. Mr. P M Murty, was appointed by the Board of Directors as the Whole-time Director with effect from 5th March, 2009 and Managing Director & CEO of the Company with effect from 1st April, 2009. The shareholders at the Annual General Meeting held on 26th June, 2009, also approved the appointment of Mr. P M Murty and the terms and conditions including remuneration.

The remuneration payable to Mr. P M Murty is commensurate with the responsibility conferred on him by the Board and in conformity with the industry standards. His remuneration structure comprises of salary, perquisites, commission, etc., as per his contract with the Company. No severance is payable to him on termination of employment.

Non-Executive Directors:

The Non-Executive Directors play a primary role in bringing objectivity to the Board processes in the general interest of the Company and thereby benefit the shareholders and other stakeholders. Their independent judgement guides the Board in strategic thinking and enables effective decision making. The Company pays Non-Executive Directors commission on the basis of their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company.

The commission paid to the Non-Executive Directors of the Company is within the limits set under Section 309 of the Companies Act, 1956 and the limits approved by the shareholders. The commission payable is determined as a percentage to the profits (as determined under Section 349 and 350 of the Companies Act, 1956) of the Company. Apart from commission the Non-Executive Directors are also paid sitting fees of Rs. 15,000/- (Rupees Fifteen Thousand Only) per meeting, for attending the meeting(s) of the Board of Directors and Committees thereof, except the Share Transfer Committee. The Company has not granted any Stock Options to any of its Directors.

During the financial year 2009-10, Mr. Ashwin Choksi, Non-Executive Chairman, Mr. Ashwin Dani, Non-Executive Vice-Chairman and Mr. Abhay Vakil, Non-Executive Director were paid retiral benefits which included pension and leave encashment. The Company has also paid gratuity to them in accordance with the agreements approved by the shareholders, as their contractual terms as Executive Directors came to an end on 31st March, 2009.

Details about Remuneration paid to the Directors in 2009-10 are as follows:

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

							(In Rupees)
Name of the Director	Relationship with each other	Salary	HRA	Perquisites*	Sitting Fees	Commission	Total
Ashwin Choksi	Brother of Mahendra Choksi	-	-	15,81,945	1,20,000	20,00,000	37,01,945
Ashwin Dani	Father of Hasit Dani	-	-	15,81,945	1,20,000	14,00,000	31,01,945
Abhay Vakil	Brother of Amar Vakil	-	-	15,81,945	1,05,000	14,00,000	30,86,945
P M Murty	Not related to any of the Directors	90,00,000	40,95,000	60,98,515	-	1,50,00,000	3,41,93,515
Mahendra Choksi	Brother of Ashwin Choksi	-	-	-	1,20,000	14,00,000	15,20,000
Amar Vakil	Brother of Abhay Vakil	-	-	-	1,20,000	14,00,000	15,20,000
Hasit Dani §	Son of Ashwin Dani	-	-	-	1,35,000	14,00,000	15,35,000
Tarjani Vakil	**	-	-	-	2,85,000	18,00,000	20,85,000
Dipankar Basu	**	-	-	-	2,85,000	16,00,000	18,85,000
Deepak Satwalekar	**	-	-	-	1,80,000	14,00,000	15,80,000
R.A. Shah	**	-	-	-	1,20,000	14,00,000	15,20,000
S. Sivaram	**	-	-	-	60,000	14,00,000	14,60,000
Mahendra Shah	**	-	-	-	2,40,000	16,00,000	18,40,000
S Ramadorai @	**	-	-	-	60,000	7,00,000	7,60,000

Notes:

* Perquisites for Mr. P. M. Murty include Company's contribution to provident and superannuation fund, medical and leave travel allowance, special allowance etc., as well as monetary value of perquisites as per Income Tax rules and in accordance with Mr. P. M. Murty's contract of employment with the Company. Perquisites in case of Mr. Ashwin Choksi, Mr. Ashwin Dani and Mr. Abhay Vakil, Non-Executive Directors include retiral benefits like pension and leave encashment as per their contracts entered with the Company in their erstwhile capacity as Executive Directors which ended on 31st March, 2009.

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

§ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

@ The commission is paid to Shri Mr. S Ramadorai on a proportionate basis after his appointment as an additional Director with effect from 16th September, 2009.

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

The transactions with related parties are furnished under Schedule 'M' of the Notes to the Accounts as stipulated under Accounting Standard 18 (AS-18). Apart from the aforesaid related party transactions, there are no transactions of material nature with the Directors or their relatives etc., which may have a potential conflict with the interest of the Company. Disclosures to this effect have also been received from the Directors and the Senior Managerial Personnel of the Company. The Register of Contracts required to be maintained under Section 301 of the Companies Act, 1956, containing the contracts in which the Directors are concerned and interested is placed at the meeting of Board of Directors of the Company for their approval and noting, on a periodical basis.

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

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

Mr. Jalaj Dani, son of Mr. Ashwin Dani, Vice Chairman, holds the position of President – International Business Unit and had earned gross remuneration of Rs. 1,23,76,346/- (Rupees One Crore Twenty Three Lacs Seventy Six Thousand Three Hundred and Forty Six Only) during the financial year 2009-10.

Mr. Manish Choksi, son of Mr. Mahendra Choksi, Director, holds the position of Chief – Corporate Strategy & CIO and had drawn a gross remuneration of Rs. 1,23,27,153/- (Rupees One Crore Twenty Three Lacs Twenty Seven Thousand One Hundred and Fifty Three Only) during the financial year 2009-10.

Ms. Nehal Vakil, daughter of Mr. Abhay Vakil, Director, holds the position of Manager – Business Process Renovation and had drawn a gross remuneration of Rs.18,19,872/- (Rupees Eighteen Lacs Nineteen Thousand Eight Hundred and Seventy Two Only) during the financial year 2009-10.

Mr. Jigish Choksi son of Mr. Shailesh Choksi (brother of Mr. Ashwin Choksi, Chairman and Mr. Mahendra Choksi, Director) was appointed as an Executive Trainee – Marketing with effect from 1st February, 2010, by the Remuneration Committee and the Board of Directors at their meetings held on 22nd January, 2010, subject to the approval of the shareholders.

The Board of Directors at their meeting held on 3rd June, 2010, on recommendation of the Remuneration Committee appointed Mr. Varun Vakil (son of Mr. Amar Vakil, Director and nephew of Mr. Abhay Vakil) Director, as a Management Trainee – Marketing, with effect from 1st July, 2010, pursuant to Section 314(1B) of the Companies Act, 1956, subject to the approval of the shareholders and the Central Government.

The appointment and the terms and conditions including remuneration of Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil were approved by the shareholders at the Annual General Meeting held on 24th June, 2008. The Company had made application(s) to the Central Government under Section 314 and other applicable provisions of the Companies Act, 1956, for payment of remuneration to Mr. Jalaj Dani, Mr. Manish Choksi and Ms. Nehal Vakil for which approvals were received from Ministry of Corporate Affairs.

In case of Mr. Jigish Choksi no such approval is required as the total remuneration paid to him is within the limits mentioned under Section 314 (1B) of the Companies Act, 1956. However approval of the shareholders is sought at the forthcoming Annual General Meeting, pursuant to Section 314(1) of the Companies Act, 1956.

In case of Mr. Varun Vakil, approval is required from the shareholders and the Central Government as the monthly remuneration proposed to be paid to him exceeds Rs. 50,000 per month, in accordance with Section 314(1B) of the Companies Act, 1956. Approval of the shareholders for the aforesaid, is also, sought at the forthcoming Annual General Meeting.

The shareholding of the Non-executive/Independent Directors of the Company as on 31st March, 2010 is as follows:

Name of the Director	Nature of Directorship	No of shares held*	Percentage to the paid up capital
Ashwin Choksi	Non-executive/Promoter	88,570	0.09
Ashwin Dani	Non-executive/Promoter	5,56,677	0.58
Abhay Vakil	Non-executive/Promoter	16,10,977	1.68
Mahendra Choksi	Non-executive/Promoter	2,28,218	0.24
Amar Vakil	Non-executive/Promoter	14,09,641	1.47
Hasit Dani §	Non-executive/Promoter	5,29,480	0.55
Tarjani Vakil	Non-executive/Independent	-	-
Dipankar Basu	Non-executive/Independent	-	-
Deepak Satwalekar	Non-executive/Independent	-	-
R. A. Shah	Non-executive/Independent	1,809	-
S. Sivaram	Non-executive/Independent	-	-
Mahendra Shah	Non-executive/Independent	-	-
S Ramadorai	Non-executive/Independent	-	-
Total		44,25,372	4.61

Notes:

* 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.

§ Mr. Hasit Dani has resigned as a Director with effect from 3rd June, 2010.

Mr. P M Murty, Managing Director & CEO held 2,877 equity shares of the Company as on 31st March, 2010.

Shareholders/Investors Grievance Committee:

The Board of Directors of the Company has constituted the Shareholders/Investors Grievance Committee which is chaired by a Non Executive Director/ Independent Director to specifically look into the redressal of shareholders complaints. During the financial year 2009-10, the members of the Committee comprised of Mr. Mahendra Shah (Chairman), Mr. Abhay Vakil, Mr. P M Murty, Mr. Mahendra Choksi and Mr. Hasit Dani (resigned with effect from 3rd June, 2010).

During the financial year 2009-10, the Committee met once on 21st January, 2010 to deliberate on various matters mentioned below. The meeting was attended by all the members of the Shareholders/Investors Grievance Committee except Mr. Abhay Vakil.

The terms of reference of the Committee include the following:

1. To specifically look into complaints received from the shareholders of the Company,
2. To oversee the performance of the Registrar and Transfer Agent of the Company and
3. To recommend measures for overall improvement in the quality of services to the investors.

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

Details pertaining to the number of complaints received and resolved and the status thereof during the financial year ended 31st March, 2010 are given as follows:

Nature of Complaints	Received during the year	Replied during the year
Non receipt Share Certificate(s) lodged for transfer	3	3
Non receipt of Dividend warrants	3	3
Non receipt Share Certificate(s) lodged with a request for splitting the share certificates / for non-receipt of Bonus share certificates	2	2
Letters received from Stock Exchange(s), SEBI and Depositories	4	4
Others/miscellaneous	9	9
Total	21	21

All the complaints received during the financial year ended 31st March, 2010, were duly addressed and no complaints are pending for redressal on that date except where they are constrained by dispute or legal impediments or due to incomplete or non submission of documents by the shareholders. Certain Court cases are pending in the Courts/Consumer Forums, relating to disputes over the titles to the shares of the Company in which either the Company has been made a party or necessary intimation thereof has been received by the Company. The Company shall comply with the decrees or orders of the Hon'ble Courts pertaining to these cases as and when the same are received by the Company.

Share Transfer Committee:

During the financial year 2009-10, the Share Transfer Committee, comprised of three (3) Non-Executive Directors and the Chief Financial Officer & Company Secretary. It is constituted to monitor, supervise and approve the requests received from the shareholders of the Company and others, for transfers, transmissions, deletion, etc, handled by the Company in co-ordination with Sharepro Services (India) Private Limited, the Company's Registrar and Transfer Agent.

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

1. To effect transfer of shares;
2. To effect transmission or deletion of shares;
3. To issue duplicate share certificates, issue of certificates on receipt of requests for consolidation or split of share certificates;
4. To approve the register of members as on the record date(s) and/or book closure dates for receiving dividends and other corporate benefits;
5. To review correspondence with the shareholders and take appropriate decisions in that regard; and
6. To redress complaints from shareholders from time to time.

The Committee, in accordance with Clause 49 (IV) (G), attends to the share transfer and other formalities once in a fortnight and has met 26 times during the financial year 2009-10.

Subsidiary Companies:

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

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

CEO /CFO Certification:

As required by Clause 49(V) of the Listing Agreement, the CEO/CFO Certificate signed by Mr. P. M. Murty, Managing Director & CEO and Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary was placed before the Board of Directors at their meeting held on 28th May, 2010.

General Body Meetings:

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

Year	Location	Meeting Date	Time	No of special resolutions set out at the AGM
2008-2009	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	26th June, 2009	3.00 p.m.	1
2007-2008	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai 400020	24th June, 2008	3.00 p.m.	4
2006-2007	Yashwantrao Chavan Pratishthan Auditorium Y.B Chavan Centre, General Jagannath Bhosle Marg, Next to Sachivalaya Gymkhana, Mumbai 400021	26th June, 2007	3.00 p.m.	2

All special resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

Postal Ballot:

The Company sought approval of the Members, through Postal Ballot as per Section 192A of the Companies Act, 1956 for passing a Special Resolution on 7th August, 2009, under Section 163 for shifting the Statutory records and documents maintained under Section 150, 151 and 159 and other related records pertaining to the period post the year 2003, to the new Registered Office of the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited situated at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai- 400 072 or its any other office.

Mr. H N Shah, Senior Partner, Shah & Co., Chartered Accountants, was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of Postal Ballot Forms	No. of votes cast	% of the total votes cast
In favour of the resolution	2,469	5,72,01,258	99.98
Against the resolution	42	13,503	0.02
Total	2,511	5,72,14,761	100.00

Number of invalid Ballots received was 59. The Special Resolution under Section 163 of the Companies Act, 1956, was approved with requisite majority of the members of the Company.

Procedure for the Postal Ballot Process:

After receiving the approval of the Board of Directors, notice of the Postal Ballot, text of the Resolution and Explanatory statement, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors of the Company. After the last date for receipt of the ballots, the Scrutinizer after due verification, submits the results to the Chairman of the Board of Directors of the Company. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on the website and the Notice Board at the registered office of the Company.

Disclosures:

1. Disclosures on materially significant related party transactions:

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

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

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

3. Disclosure of Accounting Treatment:

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

The company has carried out an impact assessment study of International Financial Reporting Standards (IFRS) implications and is gearing up to become IFRS compliant. The company will be ready to implement the standards when IFRS becomes mandatory in April 2011.

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

Your Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements of Clause 49 of the Listing Agreement:

a) Tenure of Independent Directors:

There is no fixed or specific tenure for the Independent Directors of the Company.

b) Remuneration Committee:

The Board of Directors have constituted a Remuneration Committee comprising of Independent Directors. The Remuneration Committee determines and recommends to the Board the remuneration payable to the Directors in whole-time employment including the Managing Director of the Company and recommends the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to Section 314 of the Companies Act, 1956. The Chairman of the Committee was present at the Annual General Meeting of the Company held on 26th June, 2009.

c) Shareholder's Rights:

Half-yearly results of the Company are sent to all shareholders of the Company.

d) Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

e) Training of Board Members:

The Managing Director & CEO and other senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc. and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company and is informed of the important policies of the Company including the Code of Conduct for the Directors and Senior Management and the Code of Conduct for Prevention of Insider Trading.

f) Mechanism for evaluating Non-Executive Board Members:

The Company does not have a formal mechanism for evaluation of the performance of the Non-Executive members of the Board. However, the commission paid to them is based on their overall performance and their commitment towards attending the meetings of the Board and devoting time and attention to the affairs of the Company.

g) Whistle Blower Policy:

The Board of Directors of the Company at their meeting held on 25th June, 2009 approved and adopted the Whistle Blower Policy of the Company with an objective to establish a formal mechanism to provide protection to the employees of the Company from unethical work practices and irregularities. In accordance with the Policy, a Whistle Committee has been constituted comprising of the Managing Director & CEO, the Compliance Officer, i.e., the Chief Financial Officer & Company Secretary and the Vice-President – Human Resources. The employees can make Protected Disclosures to the Whistle Committee regarding any malpractices or event or activity that may have occurred in the organization and which may be considered as unethical or fraudulent. The employees may, where the matters are of grave nature, make Protected Disclosures directly to the Chairperson of the Audit Committee of the Board of Directors of the Company.

The Policy ensures that no personnel or employee of the Company is denied access to the Chairperson or any other member of the Audit Committee.

5. Risk management:

The Company has constituted a Risk Council comprising of Business Unit heads and other functional heads of the Company including the Chief Financial Officer & Company Secretary and the Chief Internal Auditor of the Company. The Risk Council meets on a periodical basis to review the risk management framework and discusses the mitigation plans. The Risk Council has laid down procedure for risk assessment and minimization which are presented to the Audit Committee and the Board of Directors on a periodical basis.

6. Code of Conduct for the Board of Directors and Senior Management Personnel:

Your Company has adopted a Code of Conduct for all the Board members and Senior Management Personnel of the Company in accordance with the requirement under Clause 49(I)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company. All the Board members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31st March, 2010. The declaration to this effect signed by Mr. P. M. Murty, Managing Director & CEO of the Company forms part of the report.

7. Code of Conduct for Prevention of Insider Trading:

The Board of Directors at their meeting held on 25th June, 2009 adopted a New Code of Conduct for Prevention of Insider Trading in accordance with the Securities Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008. Mr. Jayesh Merchant, Chief Financial Officer & Company Secretary is the Compliance Officer. All the Directors, Senior Management Personnel and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company, are covered under the said code. The Directors, their relatives, Senior Management Personnel, designated employees etc. are restricted in dealing in the shares of the Company while in possession of unpublished price sensitive information about the Company as well as during certain periods known as "Quiet Period". All the Directors, senior management personnel and other designated employees of the Company are restricted from entering into opposite transaction, i.e., buy or sell any number of shares during the next six months following the prior transaction and they also are restricted from taking any position in derivative transactions in the shares of the Company at any time, as per the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2008.

8. Management Discussion and Analysis:

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

Means of communication:

- (a) Quarterly/ Half-yearly/ Nine-months and Annual Financial Results of the Company are published in the all India editions of Business Standard and Mumbai editions of Free Press Journal and Navshakti.
- (b) The results of the Company are also posted up on the Company's corporate website: www.asianpaints.com. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.
- (c) All important information pertaining to the Company is also mentioned in the Annual Report of the Company which is circulated to the members and others entitled thereto for each financial year.

Your Company provides necessary information to the Stock Exchanges in terms of the Listing Agreement and other rules and regulations issued by Securities Exchange Board of India.

CERTIFICATE BY THE JOINT STATUTORY AUDITORS AS TO COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE

The certificate by the Joint Statutory Auditors of the Company as to the compliance of the conditions of Corporate Governance pursuant to Clause 49(VII)(1) of the Listing Agreement is given below:

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF ASIAN PAINTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Asian Paints Limited ('the Company') for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the stock exchanges in India.

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

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

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

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

For Shah & Co.

Chartered Accountants
Firm Registration Number: 109430W

H.N.Shah

Partner
Membership No: 08152

Mumbai
3rd June, 2010

For B S R & Associates

Chartered Accountants
Firm Registration Number: 116231W

Natrajan Ramkrishna

Partner
Membership No: 32815

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2010

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel for the financial year ended 31st March, 2010.

P M Murty

Managing Director & CEO

Mumbai
3rd June, 2010