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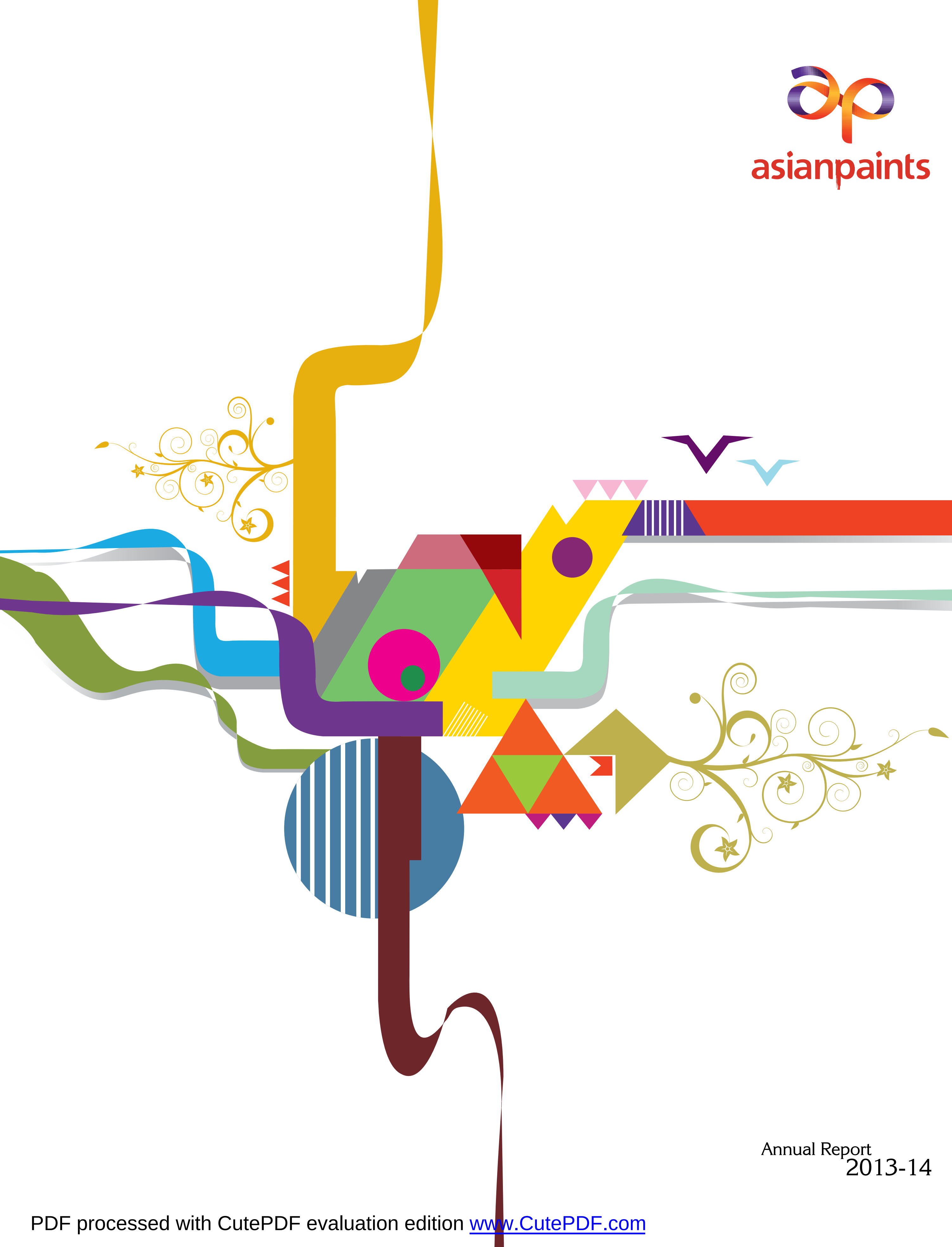

Annual Report
2013-14

Corporate Information

Board of Directors

ASHWIN CHOKSI
Chairman

ASHWIN DANI
Vice Chairman

K.B.S. ANAND
Managing Director & CEO

MAHENDRA CHOKSI

AMAR VAKIL

MALAV DANI
(w.e.f. 21st October, 2013)

Ms. AMRITA VAKIL
Additional Director
(w.e.f. 14th May, 2014)

DIPANKAR BASU

MAHENDRA SHAH

DEEPAK SATWALEKAR

R.A. SHAH

DR. S. SIVARAM

S. RAMADORAI

M.K. SHARMA

Mrs. VIBHA PAUL RISHI
Additional Director
(w.e.f. 14th May, 2014)

Company Secretary

JAYESH MERCHANT

Audit Committee

DIPANKAR BASU
Chairman

MAHENDRA SHAH

M.K. SHARMA

Stakeholders Relationship and Investors Grievance Committee

MAHENDRA SHAH
Chairman

K.B.S. ANAND

MAHENDRA CHOKSI

Nomination and Remuneration Committee

DEEPAK SATWALEKAR
Chairman

ASHWIN DANI

DIPANKAR BASU

M.K. SHARMA

Corporate Social Responsibility Committee

MAHENDRA CHOKSI
Chairman

K.B.S. ANAND

MAHENDRA SHAH

MALAV DANI

Shareholders' Committee

ASHWIN DANI
Chairman

ASHWIN CHOKSI

K.B.S. ANAND

JAYESH MERCHANT

Auditors

SHAH & CO.
Chartered Accountants

B S R & ASSOCIATES LLP
Chartered Accountants

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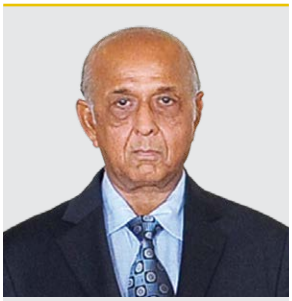
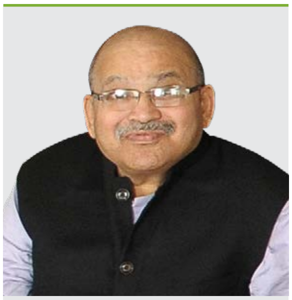
Board of Directors


Ashwin Choksi


Ashwin Dani


K.B.S. Anand


Mahendra Choksi

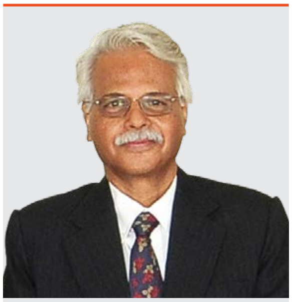

Amar Vakil


Malav Dani


Amrita Vakil


Dipankar Basu


Mahendra Shah


Deepak Satwalekar


R.A. Shah


Dr. S. Sivaram


S. Ramadorai


M.K. Sharma


Vibha Paul Rishi

Chairman's Letter

Dear Shareholders,

The year 2013-14 marked a subtle turnaround in the fortunes of the global economy. Europe witnessed greater financial stability and there were signs of revival in a number of its constituent nations, led by Germany and U.K. The U.S. too saw better employment numbers and an improvement in its growth prospects which prompted its leaders to consider withdrawing the easy money policies that bolstered the economy. Emerging markets, however, experienced some deceleration in their growth.

On the domestic front, the economy seems to have finally bottomed out. After dipping to 4.5% during the previous year, GDP growth recovered to grow at 4.9%, largely due to the revival in agriculture growth. However, the volatile rupee, stubborn inflation and stagnant industrial production continued to be a drag on the economy. Looking ahead, there are indications of a turnaround on account of better global growth, an improvement in export competitiveness and the implementation of recently approved investment projects. Additionally, the formation of a strong and stable government at the Centre is expected to augur well for India's economy due to speedier implementation of progressive policies.

Until now, stagnant domestic growth hurt consumer sentiments which were reflected in subdued demand and consumption. The paint industry was faced with hardships such as an overall sluggish economy, excessive rainfall in parts of Southern India and slowdown in construction in some states. Further, the inflationary impact on raw material prices, largely due to the depreciation in Rupee, led to frequent price increases.

Domestic demand for your Company's products was comparatively resilient although not as good as expected. Your Company's product mix continued to improve consistently. Demand from the rural areas was relatively better than the urban markets and while retail demand was encouraging, the industrial market remained stagnant.

At the international business level, despite a persistently challenging global environment, some markets where your Company operates showed signs of recovery. A tight control on expenses and lower raw material inflation helped the international operations of the Group to deliver a strong performance despite difficult market conditions. Your Company's wholly owned subsidiary in Mauritius, Asian Paints (International) Limited, has signed an agreement with shareholders of Kadisco Chemical Industry PLC., Ethiopia to acquire either directly or through its subsidiaries 51% of its share capital.

Your Company always believed that keeping a keen ear to customer's requirement and feedback goes a long way.We have kept the customer at the center of all our strategies and this approach of Customer Centricity is paying rich dividends. 'Your Voice' on our website is the blog where people can interact with the company directly and give feedback. The 'Online Colour Lab' is an excellent interaction cum feedback forum which was started last year, where customers discuss various aspects of the brand with us. This is the unique, first of its kind in India platform which allows the brand to interact with the customer in the digital space other than the social media.

Technology has been the backbone of innovation at Asian Paints. The endeavour at our Research and Technology labs is to provide Technology to solve problems and offer innovative products to customers. Last year, your Company launched a range of new products offering 'new' and 'comprehensive' solutions to customers on dampness, undulations and cracks in various substrates under the 'Smart Care' range. Heralding new technology platforms for top end premium products has been another foray for the Company and most of the top end new products like 'Royale Aspira' and 'Ultima Protek' offer unique possibilities to the customers and clearly stand out to be the best products across the globe. Your Company is continuously investing in Technology both with respect to people and equipment and we feel this will be a strong differentiator in the Industry in future.

Last year, your Company embarked on a new journey of transformation by expanding its offerings to cater to the changing perspectives of home aesthetics. The acquisition

of Sleek Group marked Asian Paints' maiden foray into the contemporary Home Improvement segment. Your Company's endeavour and journey to enable customers fulfil their aspiration of beautiful homes continued during the year and has identified bath and wash segment as another opportunity area. Your Company has entered into a binding agreement in May, 2014 with Ess Ess Bathroom Products Pvt. Ltd. to acquire its entire front end sales business including brands, network and sales infrastructure. Our aim to partner with customers in their endeavour to fulfil their aspirations of transforming their houses into homes, the ordinary into the extraordinary and the me-too into my exclusive spaces, will continue.

The drive for greening of your Company's product portfolio continues and has infact accelerated with the objective of making all our premium range of products compliant to the Green Seal Standard GS-11.

The Companies Act, 2013 applicable now has brought in provisions which require the companies to adhere to stringent corporate governance norms. I am proud to state that your Company has always followed the highest standards of Corporate Governance and considers it as more of an ethical requisite than a regulatory necessity.

With astute guidance from our Board of Directors, the unflinching support of our stakeholders and the loyalty of our customers, we are optimistic of our abilities to avail of the opportunities and address the challenges that the future presents us.

Warm regards,

Yours sincerely,

Ashwin Choksi

Ashwin Choksi

Ten Year Review - Standalone

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

RESULTS FOR THE FINANCIAL YEAR	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
REVENUE ACCOUNT										
Gross Revenue	**12,042.6**	10,405.0	9,064.3	7,202.0	5,753.5	5,003.4	4,062.8	3,360.7	2,777.4	2,338.8
Net Revenue from Operations	**10,418.8**	8,960.1	7,964.2	6,336.1	5,134.1	4,278.7	3,426.5	2,827.0	2,324.3	1,958.8
Growth Rates (%)	**16.3**	12.5	25.7	23.4	20.0	24.9	21.2	21.6	18.7	15.3
Materials Cost	**5,940.0**	5,163.4	4,746.3	3,646.9	2,840.2	2,606.9	1,956.1	1,660.7	1,351.7	1,128.4
% to Net Revenue	**57.0**	57.6	59.6	57.6	55.3	60.9	57.1	58.7	58.2	57.6
Overheads	**2,701.6**	2,249.4	1,866.1	1,532.0	1,275.0	1,103.8	908.0	736.7	616.5	532.7
% to Net Revenue	**25.9**	25.1	23.4	24.2	24.8	25.8	26.5	26.1	26.5	27.2
Operating Profit (EBITDA)	**1,950.9**	1,673.4	1,493.2	1,232.2	1,153.7	619.4	615.2	464.3	386.8	325.1
Finance Costs	**26.1**	30.6	30.8	15.4	13.8	10.4	8.3	6.9	3.8	2.8
Depreciation	**212.3**	127.0	99.5	94.5	60.7	57.2	43.8	45.4	45.5	47.6
Profit Before Tax and Exceptional item	**1,712.5**	1,515.9	1,362.9	1,122.3	1,079.2	551.8	563.2	412.0	337.5	274.7
% to Net Revenue	**16.4**	16.9	17.1	17.7	21.0	12.9	16.4	14.6	14.5	14.0
Growth Rates (%)	**13.0**	11.2	21.4	4.0	95.6	(2.0)	36.7	22.1	22.9	15.4
Exceptional item	**(9.9)**	-	-	-	25.5	(5.9)	-	-	(33.6)	(4.2)
Profit Before Tax and after Exceptional item	**1,702.6**	1,515.9	1,362.9	1,122.3	1,104.7	545.9	563.2	412.0	303.9	270.5
% to Net Revenue	**16.3**	16.9	17.1	17.7	21.5	12.8	16.4	14.6	13.1	13.8
Profit After Tax	**1,169.1**	1,050.0	958.4	775.2	774.5	362.4	375.2	272.0	186.8	173.5
Return on average capital employed (ROCE) (%)	**51.7**	54.0	59.3	62.1	78.2	51.3	60.5	52.9	49.7	44.0
Return on average net worth (RONW) (%)	**35.3**	38.1	42.9	43.9	58.4	35.8	44.9	39.8	31.3	31.4
CAPITAL ACCOUNT										
Share Capital	**95.9**	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Reserves and Surplus	**3,505.0**	2,926.3	2,391.9	1,879.4	1,461.3	998.6	832.6	648.2	526.4	476.3
Deferred Tax Liability (Net)	**177.1**	143.3	80.8	75.5	47.9	47.9	31.5	22.1	28.5	30.5
Borrowings	**47.7**	54.1	168.2	65.7	68.6	74.5	94.7	125.7	91.1	88.2
Fixed Assets	**2,050.2**	2,154.4	1,611.9	1,096.9	1,088.2	711.8	539.2	346.5	324.7	319.5
Investments @	**1,671.2**	872.5	913.8	1,034.8	703.7	234.8	422.9	334.4	274.6	258.4
Debt-Equity Ratio	**0.01:1**	0.02:1	0.07:1	0.03:1	0.04:1	0.07:1	0.09:1	0.17:1	0.15:1	0.15:1
Market Capitalisation	**52,559**	47,139	31,056	24,238	19,593	7,539	11,510	7,336	6,178	3,751
PER SHARE DATA										
Earnings Per Share (EPS) (₹) #	***12.2**	10.9	10.0	8.1	*8.1	*3.8	3.9	2.8	*2.0	*1.8
Dividend (%)	**530.0**	460.0	400.0	320.0	270.0	175.0	170.0	130.0	125.0	95.0
Book Value (₹) #	**37.5**	31.5	25.9	20.6	16.2	11.4	9.7	7.8	6.5	6.0
OTHER INFORMATION										
Number of Employees	**5,870**	5,236	4,937	4,640	4,382	4,260	3,924	3,868	3,681	3,550
Number of Shareholders	**87,997**	54,813	60,537	59,280	48,290	49,074	47,573	49,032	48,820	49,739

Note: From financial year 2010-11 figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956.

* EPS calculated on Net Profit after exceptional items.

@ Includes Investments in Liquid Mutual Funds which is a part of cash and cash equivalents.

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

Ten Year Review - Consolidated

(Figures in ₹ Crores except per share data and ratios)

RESULTS FOR THE FINANCIAL YEAR	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010 ^	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
REVENUE ACCOUNT										
Gross Revenue	**14,567.2**	12,488.1	10,778.0	8,610.8	7,314.5	6,229.8	5,075.9	4,259.9	3,510.0	2,951.5
Net Revenue from Operations	**12,714.8**	10,938.6	9,632.2	7,722.3	6,680.9	5,463.9	4,407.2	3,670.0	3,021.0	2,573.9
Growth Rates (%)	**16.2**	13.6	24.7	15.6	22.3	24.0	20.1	21.5	17.4	16.0
Materials Cost	**7,340.7**	6,413.0	5,795.3	4,474.6	3,758.0	3,370.6	2,577.6	2,199.4	1,792.1	1,502.6
% to Net Revenue	**57.7**	58.6	60.2	57.9	56.2	61.7	58.5	59.9	59.3	58.4
Overheads	**3,376.2**	2,793.6	2,328.2	1,919.6	1,695.6	1,425.5	1,170.6	989.9	838.3	736.6
% to Net Revenue	**26.6**	25.5	24.2	24.9	25.4	26.1	26.6	27.0	27.7	28.6
Operating Profit (EBITDA)	**2,132.1**	1,846.5	1,616.2	1,396.1	1,367.9	718.8	718.6	518.0	422.7	367.0
Finance Costs	**42.2**	36.7	41.0	23.2	28.5	26.3	21.2	18.9	11.4	10.8
Depreciation	**245.7**	154.6	121.1	113.1	83.6	74.4	59.2	61.1	60.6	61.4
Profit Before Tax and Exceptional items	**1,844.2**	1,655.2	1,454.1	1,259.7	1,255.9	618.1	638.3	437.9	350.6	294.8
% to Net Revenue	**14.5**	15.1	15.1	16.3	18.8	11.3	14.5	11.9	11.6	11.5
Growth Rates (%)	**11.4**	13.8	15.4	0.3	103.2	(3.2)	45.8	24.9	18.9	20.0
Exceptional items	**(9.9)**	-	-	-	1.2	(1.2)	(6.8)	(7.8)	(7.6)	(7.7)
Profit Before Tax and after Exceptional items	**1,834.3**	1,655.2	1,454.1	1,259.7	1,257.0	616.9	631.4	430.2	343.0	287.1
% to Net Revenue	**14.4**	15.1	15.1	16.3	18.8	11.3	14.3	11.7	11.4	11.2
Profit After Tax (after Minority interest)	**1,218.8**	1,113.9	988.7	843.2	835.6	397.8	409.2	281.0	212.1	174.1
Return on average capital employed (ROCE) (%)	**47.6**	50.3	54.3	58.9	74.4	46.5	56.3	45.9	42.2	40.6
Return on average net worth (RONW) (%)	**32.8**	36.3	40.1	43.3	57.4	36.4	46.5	39.5	35.0	31.7
CAPITAL ACCOUNT										
Share Capital	**95.9**	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Reserves and Surplus	**3,943.3**	3,288.4	2,652.6	2,091.5	1,614.1	1,107.3	886.5	681.9	550.3	471.3
Deferred Tax Liability (Net)	**187.8**	154.4	92.8	85.2	56.2	53.3	39.1	26.8	34.1	35.3
Borrowings	**249.2**	251.0	341.1	233.4	229.2	308.6	275.2	306.2	261.3	239.5
Fixed Assets	**2,491.8**	2,456.0	1,876.1	1,316.0	1,280.1	905.1	691.7	493.2	451.9	437.0
Investments $	**1,423.6**	778.8	750.7	922.0	624.1	78.4	276.7	192.7	164.1	113.8
Debt-Equity Ratio	**0.06:1**	0.07:1	0.12:1	0.11:1	0.13:1	0.26:1	0.28:1	0.39:1	0.4:1	0.42:1
PER SHARE DATA										
Earnings Per Share (EPS) (₹) #	***12.7**	11.6	10.3	8.8	*8.7	*4.1	*4.3	*2.9	*2.2	*1.8
Book Value (₹) #	**42.1**	35.3	28.7	22.8	17.8	12.5	10.2	8.1	6.7	5.9

Note: From financial year 2010-11 figures have been regrouped as per Revised Schedule VI to the Companies Act, 1956.

* EPS calculated on Net Profit after exceptional items.

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

$ Includes investments in Liquid Mutual Funds which is part of Cash and Cash equivalents.

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

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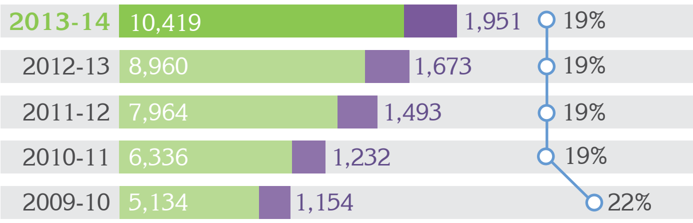
Performance Highlights - Standalone

Net Revenue from Operations, EBITDA & EBITDA Margin (%)

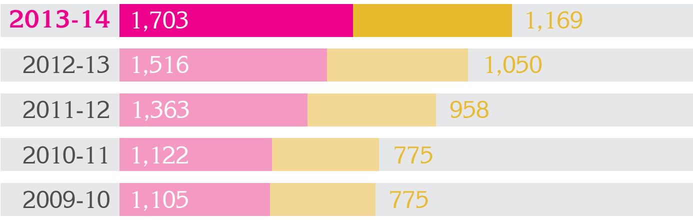
₹ in crores



Net Revenue from Operations
EBITDA
EBITDA Margin (%)

Profit Before Tax & Profit After Tax

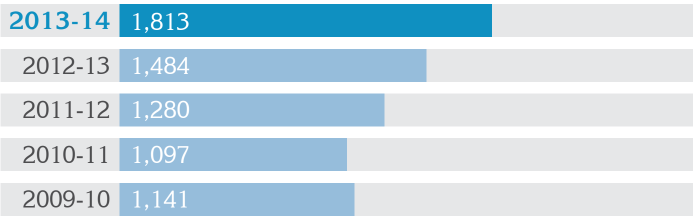
₹ in crores



PBT after exceptional items
PAT

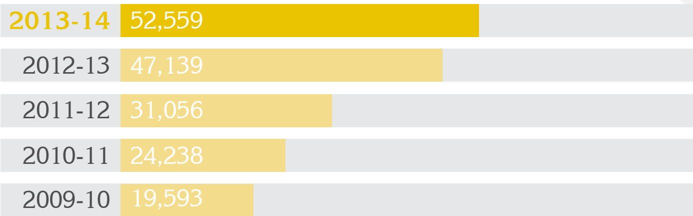
Cash Generated from Operations

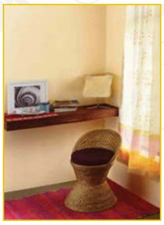
₹ in crores



Market Capitalisation

₹ in crores





Dividend per share, Earnings per share (EPS) and Dividend pay-out ratio

Year	Dividend per share (in ₹)	EPS after Exceptional item (in ₹)	Dividend payout ratio (%) (including dividend distribution tax)
2013-14	5.3	12.2	51%
2012-13	4.6	10.9	49%
2011-12	4.0	10.0	47%
2010-11	3.2	8.1	46%
2009-10	2.7	8.1	39%

Note: With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to 10 (Ten) equity shares of ₹ 1 each and accordingly the EPS and Dividend per share for all comparative periods has been restated.

Net Fixed Assets and Asset Turnover Ratio

Year	Net Fixed Assets (₹ in crores) (excluding Capital work-in-progress)	Asset Turnover Ratio
2013-14	2,012	5.2
2012-13	2,102	4.3
2011-12	1,009	7.9
2010-11	1,057	6.0
2009-10	707	7.3

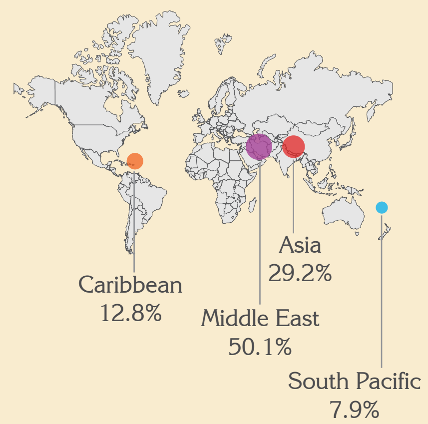
Employees at the year end and Turnover per Employee

Year	Number of employees	Turnover per employee (₹ in crores)
2013-14	5,870	1.77
2012-13	5,236	1.71
2011-12	4,937	1.61
2010-11	4,640	1.37
2009-10	4,382	1.17

Average Capital Employed and Return on Average Capital Employed

Year	Average Capital Employed (₹ in crores)	Return on Average Capital Employed (%)
2013-14	3,363	52%
2012-13	2,866	54%
2011-12	2,349	59%
2010-11	1,833	62%
2009-10	1,397	78%

Percentage of Net Sales contribution of each region to overall International operations for FY 2013-14



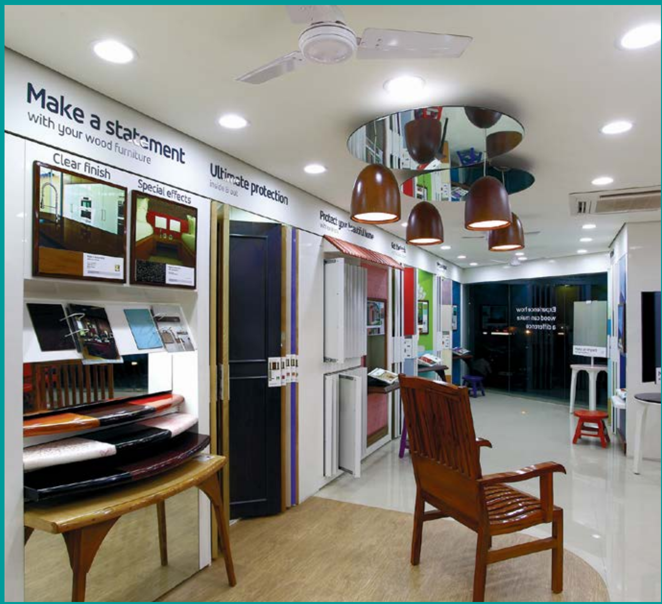
Management Discussion And Analysis

OVERVIEW

The fiscal year ended 31st March 2014 proved to be a challenging year with the Indian economy witnessing sustained slowdown across sectors. While the economic growth for the year is expected to have marginally improved to 4.9% from the lows of 4.5% witnessed in 2012-13, it is still a far cry from the above 8% growths witnessed during most part of 2004 to 2011. The recovery in 2013-14 is largely on the back of revival in agriculture growth due to a steady monsoon. However, recovery in the other areas of the economy appears to be feeble with no clear signs of recovery. Industry continued to be in the midst of a slowdown. This was inspite of a push from the Government to clear the hurdles plaguing infrastructure sector projects as this has clearly not resulted in any action on the ground level. On the demand side, the consumption growth remained weak amid elevated inflation and subdued income growth.

The first half of the year also saw the Rupee in a free fall under pressure from the worsening deficits, current account deficit as well as the fiscal deficit. Coupled with fears of large fund outflows due to the expected Fed tapering, the Rupee breached the ₹ 68 level to the US Dollar in August, 2013. A slew of measures taken by RBI and the Central Government saw the current account situation improving significantly which helped the Rupee to recover from its all time lows during the later part of the year. The elevated levels of inflation since 2010-11 continued to be a cause of concern for the economy and although the inflation levels eased off over the last quarter of the year, the stickiness in inflation did not provide much room for RBI to lower the interest rates and prime pump the economy.

Considering the overall sluggish environment, the domestic paint demand was comparatively resilient although not as good as expected. Demand from the rural areas was relatively better than the urban markets. While, the retail demand was encouraging, the industrial market remained stagnant. Lack of public spending in infrastructure sector and weak private sector investments affected the industrial product demand. Commodity prices remained stable during the year with crude trading in a very narrow range throughout the year. However, sharp volatility in the Rupee affected the overall procurement prices. In the international markets, the environment was equally challenging with some of the markets feeling the continued impact of political unrest, while there were signs of recovery in some markets.



A view of the Colour Ideas Store