

# Board's Report

Dear Members,

The Board of Directors are pleased to present the 72<sup>nd</sup> Annual Report of the Company for the financial year ended 31<sup>st</sup> March, 2018.

## FINANCIAL RESULTS

The Company's financial performance for the year ended 31<sup>st</sup> March, 2018 is summarized below:

	(₹ in Crores)					
	Standalone			Consolidated		
	Year ended 31.03.2018	Year ended 31.03.2017	Growth (%)	Year ended 31.03.2018	Year ended 31.03.2017	Growth (%)
Revenue from Operations*	14,153.71	12,722.76	11.2%	16,843.76	15,168.18	11.0%
<b>Earning Before Interest, Taxes, Depreciation and Amortisation</b>	<b>3,198.00</b>	<b>2,971.01</b>	<b>7.6%</b>	<b>3,418.23</b>	<b>3,248.85</b>	<b>5.2%</b>
Less : Finance Cost	21.06	18.86	-	35.07	29.99	-
Less : Depreciation and Amortisation Expense	311.11	295.43	-	360.47	334.79	-
<b>Profit for the period before share of profit in associate</b>	<b>2,865.83</b>	<b>2,656.72</b>	<b>7.9%</b>	<b>3,022.69</b>	<b>2,884.07</b>	<b>4.8%</b>
Share of profit of Associate	-	-	-	45.79	49.61	-
<b>Profit Before Tax</b>	<b>2,865.83</b>	<b>2,656.72</b>	<b>7.9%</b>	<b>3,068.48</b>	<b>2,933.68</b>	<b>4.6%</b>
Less : Tax Expense	971.03	855.00	-	1,040.96	943.29	-
<b>Profit for the period from continuing operations</b>	<b>1,894.80</b>	<b>1,801.72</b>	<b>5.2%</b>	<b>2,027.52</b>	<b>1,990.39</b>	<b>1.9%</b>
Profit before tax from discontinued operations	-	-	-	70.59	30.55	-
Tax expense of discontinued operations	-	-	-	0.59	4.69	-
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70.00</b>	<b>25.86</b>	<b>-</b>
<b>Profit for the period</b>	<b>1,894.80</b>	<b>1,801.72</b>	<b>5.2%</b>	<b>2,097.52</b>	<b>2,016.25</b>	<b>4.0%</b>
Attributable to:						
Shareholders of the Company	1,894.80	1,801.72	5.2%	2,038.93	1,939.43	5.1%
Non Controlling Interest	-	-	-	58.59	76.82	-
Other Comprehensive Income (net of tax)	(3.97)	139.04	-	(34.80)	9.26	-
<b>Total Comprehensive Income</b>	<b>1,890.83</b>	<b>1,940.76</b>	<b>-2.6%</b>	<b>2,062.72</b>	<b>2,025.51</b>	<b>1.8%</b>
Attributable to:						
Shareholders of the company	1,890.83	1,940.76	-2.6%	2,009.48	1,999.99	0.5%
Non-Controlling Interest	-	-	-	53.24	25.52	-
<b>Opening balance in Retained Earnings</b>	<b>2,672.53</b>	<b>2,282.32</b>	<b>-</b>	<b>2,688.71</b>	<b>2,141.50</b>	<b>-</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>	<b>4,575.33</b>	<b>4,089.42</b>	<b>-</b>	<b>4,736.24</b>	<b>4,106.21</b>	<b>-</b>
Dividend – Interim - FY 2017-18	254.19	-	-	254.19	-	-
Interim - FY 2016-17	-	254.19	-	-	254.19	-
Final- FY 2016-17	733.79	-	-	733.79	-	-
Final- FY 2015-16	-	508.37	-	-	508.37	-
Tax on Dividend	199.44	154.33	-	199.44	154.33	-
Transfer to General Reserve	-	500.00	-	-	500.00	-
Transfer to Other Reserve	-	-	-	1.04	0.61	-
<b>Closing balance in Retained Earnings</b>	<b>3,387.91</b>	<b>2,672.53</b>	<b>-</b>	<b>3,547.78</b>	<b>2,688.71</b>	<b>-</b>

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

## COMPANY'S PERFORMANCE REVIEW

During the financial year 2017-18, revenue from operations on standalone basis increased to ₹ 14,153.71 crores as against ₹ 12,722.76 crores in the previous year – a growth of 11.2%.

Cost of goods sold as a percentage to revenue from operations increased to 56.40 % as against 54.58 % in the previous year.

Employee cost as a percentage to revenue from operations decreased to 5.6% (₹ 791.08 crores) against 5.8% (₹ 742.83 crores) in the previous year.

Other expense as a percentage to revenue from operations decreased to 17.4% (₹ 2,459.43 crores) as against 18.6% (₹ 2,365.04 crores) in the previous year.

The Profit After Tax for the current year is ₹ 1,894.80 crores against ₹ 1,801.72 crores in the previous year – a growth of 5.2%.

On a consolidated basis, the group achieved revenue of ₹ 16,843.76 crores as against ₹ 15,168.18 crores – a growth of 11.0%. Net profit after non-controlling interest for the group for the current year is ₹ 2,038.93 crores as against ₹ 1,939.43 crores in the previous year – a growth of 5.1%.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2017-18 and the date of this report. There has been no change in the nature of business of the Company.

## DIVIDEND

During the year under review, the Company declared and paid to the shareholders, an interim dividend of ₹ 2.65 (Rupees two and paise sixty five only) per equity share of the face value of ₹ 1 (Rupee one only) each in the month of October, 2017. In addition, the Directors have recommended payment of ₹ 6.05 (Rupees six and paise five only) per equity share of the face value of ₹ 1 (Rupee one only) each as final dividend for the financial year 2017 – 18, for the approval of the shareholders at the ensuing Annual General Meeting of the Company. If approved, the total dividend (interim and final dividend) for the financial year 2017 – 18 will be ₹ 8.70 (Rupees eight and paise seventy only) per equity share of the face value of ₹ 1 (Rupee one only) each as against the total dividend of ₹ 10.30 (Rupees ten and paise thirty only) per equity share of the face value of ₹ 1 each (Rupee one only) paid for the previous financial year 2016-17 which included one-time special dividend of ₹ 2 (Rupees two only) per equity share of the face value of ₹ 1 each (Rupee one only).

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

## CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Consolidated Financial Statements of the Company for the financial year 2017-18 have been prepared in compliance with applicable Accounting Standards and on the basis of

audited financial statements of the Company, its subsidiaries and associate companies, as approved by the respective Board of Directors.

The Consolidated Financial Statements together with the Auditors' Report form part of this Annual Report.

## SUBSIDIARIES & ASSOCIATE COMPANIES

### Financial Performance:

A separate statement containing the salient features of financial statements of all subsidiaries of the Company in the prescribed Form AOC – 1 forms a part of consolidated financial statements in compliance with Section 129 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. The said Form also highlights the financial performance of each of the subsidiaries and joint venture companies included in the consolidated financial statements of the Company pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with Section 136 of the Companies Act, 2013, the financial statements of the subsidiary and associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM'). Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company. The financial statements including the consolidated financial statements, and all other documents required to be attached to this report have been uploaded on the website of the Company ([www.asianpaints.com](http://www.asianpaints.com)). The Company has formulated a policy for determining material subsidiaries. The policy may be accessed on the website of the Company (<https://www.asianpaints.com/more/investors/policies-programs.html>).

During the year under review:

- a. In order to consolidate, the Company's investments in overseas subsidiary companies, Asian Paints (International) Limited, Mauritius, wholly owned subsidiary was amalgamated with the Company pursuant to an Order dated 29<sup>th</sup> November, 2017 passed by the Mumbai Bench of the Hon'ble National Company Law Tribunal pursuant to Sections 230 to 232 and 234, other applicable provisions of the Companies Act, 2013 and any other applicable Regulations. The appointed date for the Scheme of amalgamation was 1<sup>st</sup> January, 2017. The merger was effective 15<sup>th</sup> January, 2018 after obtaining necessary approvals including approval from the Registrar of Companies, Mauritius.
- b. The Company acquired the balance 49% of the paid up share capital of Sleek International Private Limited (Sleek) from the Ahuja family for a consideration of ₹ 50 crores (Rupee fifty crores only). Sleek is now a wholly owned subsidiary of the Company.

- c. The Company acquired 100% stake in Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Reno) for an amount of ₹ 159.52 crores (Rupees one hundred fifty nine crores and fifty two lakhs only) with an objective of using the land and building of Reno to meet the Company's growing infrastructure requirements.
- d. The Company fully exited from its operations in the Caribbean region carried on through Lewis Berger (Overseas Holdings) Limited (LBOH), United Kingdom, indirect subsidiary of the Company, for a consideration of ₹ 189.16 crores (Rupees one hundred eighty nine crores and sixteen lakhs only) (approx). The divestment was with an objective to focus on its international presence in growing geographies across the continents of Asia and Africa.

### **EXPANSION OF MANUFACTURING CAPACITY AT ANKLESHWAR, GUJARAT**

During the year under review, the Company resolved to expand the existing paint manufacturing capacity at its unit situated at Ankleshwar, Gujarat, from 1,30,000 KL to 3,00,000 KL per annum and to augment the manufacturing capacity of synthetic resins and emulsions from existing 32,000 MT to 85,000 MT (approx.) over a span of the next 3 – 4 years.

The said expansion and augmentation would involve phasing out the current Phthalic Anhydride and its allied products manufactured at this facility.

The Company is awaiting necessary approvals from statutory authorities and will thereafter work on this project in a phased manner.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **Retirement by rotation and subsequent re-appointment:**

In accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Ashwin Choksi (Non-Executive Chairman) and Mr. Ashwin Dani (Non-Executive Vice-Chairman), are liable to retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment.

In accordance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Listing Regulations and the Articles of Association of the Company, the Independent Directors and the Managing Director of the Company are not liable to retire by rotation.

#### **Declaration of independence from Independent Directors:**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and

Rules issued thereunder as well as Regulation 16 of Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

#### **Number of meetings of the Board:**

8 (eight) meetings of the Board of Directors were held during the financial year. The details of the meetings of the Board of Directors of the Company convened during the financial year 2017-18 are given in the Corporate Governance Report which forms part of this Annual Report.

#### **Remuneration of directors, key managerial personnel and particulars of employees:**

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Directors/employees of the Company is set out in the **Annexure [B]** to this report and is also available on the website of the Company ([www.asianpaints.com](http://www.asianpaints.com)).

#### **Nomination and Remuneration Policy:**

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The said Policy of the Company, *inter alia*, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive, Non-Executive and Independent Directors on the Board of Directors of the Company and persons in the Senior Management of the Company, their remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The salient features of the Policy is set out 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>.

#### **Performance Evaluation:**

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

The process for evaluation of the performance of the Director(s) / Board / Committees of the Board for the financial year 2017-18 was initiated by the Nomination and

Remuneration Committee, by triggering online Survey(s) to all Directors.

The Directors carried out the annual performance evaluation of the Board, Committees of Board and individual Directors along with assessing 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.

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

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Directors of the Company confirm that:

- a. in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2018, the applicable Accounting Standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the profit and loss of the Company for the financial year ended 31<sup>st</sup> March, 2018;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.

### **AUDIT COMMITTEE**

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and have experience in financial management.

The Audit Committee comprises of Mr. M. K. Sharma, Mr. Mahendra Shah, Mr. Abhay Vakil and Mr. R Seshasayee. Mr. Jayesh Merchant acts as Secretary to the Audit Committee.

All the recommendations made by the Audit Committee were accepted by the Board of Directors 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. It speaks about the overall industry structure, global and domestic economic scenarios, developments in business operations/ performance of the Company's various businesses viz., decorative business, international operations, industrial and home improvement business, internal controls and their adequacy, risk management systems and other material developments during the financial year 2017-18.

### **CORPORATE GOVERNANCE REPORT**

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

### **BUSINESS RESPONSIBILITY REPORT**

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

### **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 70<sup>th</sup> AGM till the conclusion of the 75<sup>th</sup> AGM.

M/s. Deloitte Haskins & Sells LLP have confirmed their eligibility and qualification required under Sections 139, 141 and other applicable provisions of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Auditors' Report for the financial year ended 31<sup>st</sup> March, 2018 on the financial statements of the Company is a part of this Annual Report. The Auditors' Report for the financial year ended 31<sup>st</sup> March, 2018 does not contain any qualification, reservation or adverse remark.

#### **Cost Auditor:**

The Board of Directors of the Company, on the recommendations made by the Audit Committee, has appointed M/s. RA & Co., Cost Accountants, (Firm

Registration No. 000242) as the Cost Auditor of the Company to conduct the audit of cost records for the financial year 2018 - 19. The remuneration proposed to be paid to the Cost Auditor, subject to ratification by the shareholders of the Company at the ensuing 72<sup>nd</sup> AGM, would not exceed ₹ 6.75 lakhs (Rupees six lakhs seventy five thousand only) excluding taxes and out of pocket expenses, if any.

The Company has received consent from M/s. RA & Co., Cost Accountants, to act as the Cost Auditor for conducting audit of the cost records for the financial year 2018-19 along with a certificate confirming their independence and arm's length relationship.

#### **Secretarial Auditor:**

The Board of Directors of the Company has appointed Dr. K R Chandratre, Practising Company Secretary (Certificate of Practice No. 5144), as the Secretarial Auditor to conduct an audit of the secretarial records for the financial year 2018 - 19.

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 31<sup>st</sup> March, 2018.

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2018 is set out in the **Annexure [C]** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return of the Company as on 31<sup>st</sup> March, 2018 in Form MGT - 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the **Annexure [D]** to this report.

### **RELATED PARTY TRANSACTIONS**

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

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

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

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large.

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.

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

### **LOANS AND INVESTMENTS**

Details of loans, guarantees and investments under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as on 31<sup>st</sup> March, 2018, are set out in Note 38 to the Standalone Financial Statements of the Company.

### **RISK MANAGEMENT**

The Company has a well-defined process in place to ensure appropriate identification and treatment of risks. Risk identification exercise is inter-woven with the annual planning cycle which ensures both regularity and comprehensiveness. The identification of risks is done at strategic, business, operational and process levels. While the mitigation plan and actions for risks belonging to strategic, business and key critical operational risks are driven by senior leadership, for rest of the risks, operating managers drive the conception and subsequent actioning of mitigation plans.

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

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

### **VIGIL MECHANISM**

The Whistleblower Policy has been approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The Company has engaged a third party for managing an 'Ethics Hotline' which can be used by employees and business associates of the Company to, *inter alia*, report any instances of financial irregularities, breach of code of conduct, abuse of authority, disclosure of financial / price sensitive information, unethical / unfair actions concerning company vendors / suppliers, malafide manipulation of

company records, discrimination to the Code of Conduct in an anonymous manner.

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

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

### **POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company's Policy on Prevention of Sexual Harassment at Workplace is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Prevention of Sexual Harassment of Women at Workplace Act) and Rules framed thereunder. Internal Complaints Committees have also been set up to redress complaints received regarding sexual harassment.

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

During the financial year 2017-18, 4 (four) complaints of sexual harassment were received by the Company and the same were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them.

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the financial year ended 31<sup>st</sup> March, 2018, the Company incurred CSR Expenditure of ₹ 46.51 crores (Rupees forty six crores and fifty one lakhs only). The CSR initiatives of the Company were under the thrust areas of health & hygiene, education, water management and enhancement of vocational training.

The Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31<sup>st</sup> March, 2018, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in the **Annexure [F]** to this report.

### **DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS**

Internal financial control systems of the Company have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable Accounting Standards.

The Company has a well-defined and documented delegation of authority manual with specified limits for approval of expenditure, both capital and revenue. The Company has a Shared Services Center (SSC) which centrally handles payments made by the Company. While compliance with the policies are well integrated with the underlying processes, SSC acts as a second line of defence to ensure adherence to certain laid down policies.

The Company uses an established Enterprise Risk Management (ERP) system to record day to day transactions for accounting and financial reporting. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of accounts.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variances noticed from the respective functional heads.

The Company has a robust financial closure self-certification mechanism wherein the line managers certify adherence to various accounting policies, accounting hygiene and accuracy of provisions and other estimates. There are adequate policies, authorization matrices governing financial transactions and approvals.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with Generally Accepted Accounting Principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also audited by the Statutory Auditors and reviewed by the Audit Committee.

For each major element in the financial statements, the inherent reporting risks have been identified by the Company. Controls have been put to mitigate these risks. These risks and the mitigation controls are revisited periodically. Corporate accounts function of the Company is actively involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account.

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 of 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. During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
- b. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;
- c. There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future;
- d. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out in the **Annexure [G]** to this report;
- e. The Managing Director & CEO of the Company has not received any remuneration or commission from any of Companies subsidiary;
- f. None of the Auditors of the Company have reported any fraud as specified under the second proviso of

Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);

- g. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors; and
- h. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

## APPRECIATION

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

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

For and on behalf of the Board

**Ashwin Choksi**  
Chairman

Place: Mumbai  
Date: 10<sup>th</sup> May, 2018