Notes to the Consolidated Financial Statements

GROUP'S BACKGROUND

The Consolidated Financial Statements comprise financial statements of Asian Paints Limited ('the Parent' 'or the Company') and its subsidiaries (collectively, the Group) and includes share of profit of the associates for the year ended 31st March, 2019.

The Parent is a public limited company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Parent is Located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Group is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home décor, bath fittings, modular kitchen & accessories and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis of preparation of Consolidated Financial Statements

These financial statements are the Consolidated Financial Statements of the Group prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These Consolidated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these Consolidated Financial Statements except as mentioned below in 1.2.

1.2. Application of New Accounting Pronouncements

The Group has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect thereof is described below:

a. The Group has adopted Ind AS 115, Revenue from Contracts with Customers with effect from 1st April, 2018 and it is detailed in note 1.4(f).

   The Group has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 1st April, 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 1st April 2018 and on the Statement of Profit and Loss for the year ended 31st March, 2019.

b. The Group has adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration with effect from 1st April, 2018 prospectively to all assets, expenses and income initially recognized on or after 1st April, 2018 and the impact on implementation of the Appendix is immaterial.

1.3. Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Group's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

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For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

1.4. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in Other Comprehensive Income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

b) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103, Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

Notes to the Consolidated Financial Statements

c) **Property, plant and equipment**

Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Group identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenses related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

The Group had elected to consider the carrying value of all its property, plant and equipment appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on each item of property, plant and equipment is provided using the Straight-Line Method based on the useful lives of the assets as estimated by the management and is charged to the Consolidated Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Significant components of assets identified separately pursuant to the requirements under Schedule II of the Companies Act, 2013 are depreciated separately over their useful life. Depreciation on tinting systems leased to dealers, is provided under Straight Line Method over the estimated useful life of nine years as per technical evaluation:

The estimated useful life of items of property, plant and equipment is mentioned below:

	Years
Factory Buildings	30 to 60
Buildings (other than factory buildings)	30 to 61
Plant and Equipment	4 to 21
Scientific Research Equipment	8
Furniture and Fixtures	5 to 10
Office Equipment and Vehicles	4 to 8
Tinting system	9

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of lease.

The Group, based on technical assessment made by technical expert and management estimate, depreciates property plant and equipment (other than building and factory building) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Notes to the Consolidated Financial Statements

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Consolidated Statement of Profit and Loss when the item is derecognized.

d) Intangible assets

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Consolidated Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets with indefinite useful lives, that are acquired separately, are carried at cost/fair value at the date of acquisition less accumulated impairment loss, if any.

The Group had elected to consider the carrying value of all its intangible assets appearing in the financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and used the same as deemed cost in the opening Ind AS Balance sheet prepared on 1st April, 2015.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Consolidated Statement of Profit and Loss:

The estimated useful life of intangible assets is mentioned below :

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5
Others include acquired dealers' network	20

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

e) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired. Assets that are subject to depreciation and amortization and assets representing investments in associate are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely

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independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Consolidated Statement of Profit and Loss and included in depreciation and amortization expenses.

Impairment losses, on assets other than goodwill, are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

f) Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of goods:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from rendering of services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Group uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Group.

g) Government grants and subsidies

Recognition and Measurement:

The parent is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Parent will comply with all necessary conditions attached to them. Income from subsidies is recognized on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognized.

The Parent has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, *Financial Instruments*. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. It is recognized as income when there is a reasonable assurance that the Parent will comply with all necessary conditions attached to the loans. Income from such benefit is recognized on a systematic basis over the period in which the related costs that are intended to be compensated by such grants are recognized.

Presentation:

Income from the above grants and subsidies are presented under Revenue from Operations.

h) Inventory

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

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In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

i) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

The Group recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

i. The Group's business model for managing the financial asset and

ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

iii. Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

   i. Financial assets measured at amortized cost:

   A financial asset is measured at the amortized cost if both the following conditions are met:

   a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

   b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group (Refer note 29 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

   Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net

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of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Consolidated Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer note 29 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Consolidated Statement of Profit and Loss when the right to receive payment is established, it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from equity to Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in associate (Refer note 29 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's balance sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Group neither transfers nor retains, substantially all risk and rewards of ownership, and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

iii. Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and Loss under the head ‘Other expenses’.

Financial Liabilities

Initial recognition and measurement:

The Group recognizes a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at Fair Value Through Profit or Loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

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In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method (Refer note 29 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Consolidated Statement of Profit and Loss.

j) Derivative financial instruments and hedge accounting

The Group enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial liabilities measured at amortized cost. The Group formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial liabilities ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Group's risk management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a fair value hedge under Ind AS 109, Financial Instruments.

Recognition and measurement of fair value hedge:

Hedging instrument is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of hedging instrument is recognized in the Consolidated Statement of Profit and Loss. Hedging instrument is recognized as a financial asset in the balance sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

Hedged item (recognized financial liability) is initially recognized at fair value on the date of entering into contractual obligation and is subsequently measured at amortized cost. The hedging gain or loss on the hedged item is adjusted to the carrying value of the hedged item as per the effective interest method and the corresponding effect is recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

On derecognition of the hedged item, the unamortized fair value of the hedging instrument is recognized in the Consolidated Statement of Profit and Loss.

k) Fair Value

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the Consolidated Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

l) Foreign Currency Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Consolidated Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Consolidated Statement of Profit and Loss.

Translation of financial statements of foreign entities

On consolidation, the assets and liabilities of foreign operations are translated into ₹ (Indian Rupees) at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Consolidated Statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after adoption of Ind AS 103, Business Combination, and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of adoption of Ind AS 103, Business Combination, are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

m) Income Taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Notes to the Consolidated Financial Statements

Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit under Income tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and each subsidiary company, as per their applicable laws and then aggregated.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent that it is probable that the respective group company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent that it is no longer probable that the respective group company will pay normal income tax during the specified period.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

n) Provisions and Contingencies

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

o) Measurement of EBITDA

The Group has opted to present Earnings Before Interest (finance cost), Tax, Depreciation and Amortization (EBITDA) as a separate line item on the face of the Consolidated Statement of Profit and Loss for the period. The Group measures EBITDA on the basis of profit/(loss) from continuing operations.

Notes to the Consolidated Financial Statements

p) **Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments net of bank overdrafts which are repayable on demand as these form an integral part of the Group's cash management.

q) **Employee Benefits**

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. *Defined contribution plans:*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state managed retirement benefit schemes and will have no legal or constructive obligation to pay further contributions, if any, if the state managed funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group’s contributions to defined contribution plans are recognised in the Consolidated Statement of Profit and Loss in the financial year to which they relate. The Parent Company and its Indian subsidiaries operate defined contribution plans pertaining to Employee State Insurance Scheme and Government administered Pension Fund Scheme for all applicable employees and the Parent Company operates a Superannuation scheme for eligible employees. A few Indian Subsidiaries also operate Defined Contribution Plans pertaining to Provident Fund Scheme.

Recognition and measurement of defined contribution plans:

The Group recognizes contribution payable to a defined contribution plan as an expense in the Consolidated Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

II. *Defined benefit plans:*

i) Provident fund scheme:

The Parent Company operates a provident fund scheme by paying contribution into separate entities’ funds administrated by the Parent Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. These entities have an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii) Gratuity scheme:

The Parent Company, its Indian subsidiaries and some of its foreign subsidiaries operate a gratuity scheme for employees. The contribution is paid to a separate entity (a fund) or to a financial institution, towards meeting the Gratuity obligations.

iii) Pension and Leaving Indemnity scheme:

The Parent Company and some of its foreign subsidiaries operate a pension and leaving indemnity plan for certain specified employees and is payable upon the employee satisfying certain conditions as approved by the Board of Directors.

iv) Post-Retirement Medical benefit plan:

The Parent Company and some of its foreign subsidiaries operate a post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Notes to the Consolidated Financial Statements

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost if any and net interest on the defined benefit liability (asset) are recognized in the Consolidated Statement of Profit and Loss. Remeasurements of the net defined benefit liability (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Consolidated Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Group determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

r) Lease accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets taken on lease:

In respect of operating leases, lease rentals are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the lease term unless

(i) Another systematic basis is more representative of the time pattern in which the benefit is derived from leased asset; or

(ii) The payments to the lessor are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The excess of lease payments over the recorded lease obligations are treated as 'finance charges' which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations.

Assets given on lease:

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

s) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

Notes to the Consolidated Financial Statements

t) **Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

u) **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

v) **Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated Financial Statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

w) **Non-current Assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

x) **Investment in associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the

Notes to the Consolidated Financial Statements

difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

y) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company ('the Company') and its subsidiaries. Control is achieved when the Company has:

- Power over the investee,
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Company's voting rights and potential voting rights,
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Notes to the Consolidated Financial Statements

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

z) **Recent accounting pronouncements**

Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Group from 1st April, 2019. The Group will be adopting the below stated new standards and applicable amendments from their respective effective date.

a) Ind AS 116, Leases:

Ind AS 116 supersedes Ind AS 17, Leases. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. The Group has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in changes in the Balance sheet, Statement of Profit and loss and Cash Flow Statement. The Group intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Standard would result in recognition of right of use approximately of ₹ 501.98 crores and a corresponding lease liability approximately of ₹ 563.70 crores with net impact on reserves as on 1st April, 2018. The depreciation will increase approximately by ₹ 194.36 crores, interest expense will increase approximately by ₹ 55.54 crores with a corresponding decrease in rental and other expenses approximately by ₹ 233.40 crores for the year ended 31st March, 2019.

b) Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes:

The Appendix clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Group needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April, 2019.

The impact of the Appendix on the Consolidated Financial Statements, as assessed by the Group, is expected to be not material.

c) Amendment to Ind AS 12, Income Taxes:

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Group will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. The impact on the Consolidated Financial Statements is being evaluated.

d) Amendment to Ind AS 23, Borrowing Costs:

The amendment clarifies that an entity shall consider specific borrowings as general borrowing while calculating capitalization rate, once substantial activities necessary to prepare a qualifying asset for which specific borrowing was obtained is completed for its intended use or sale.

The Group will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1.5. **Key accounting estimates and judgements**

The preparation of the Group's Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

a. **Income taxes**

Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also Refer note 20.

b. **Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

c. **Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

d. **Impairment of Goodwill and Other Intangible Assets with Indefinite Life**

Goodwill and other intangible assets with indefinite life are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

e. **Defined Benefit Obligation**

The costs of providing pensions and other post-employment benefits are charged to the Consolidated Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 32, 'Employee benefits'.

f. **Fair value measurement of financial instruments**

When the fair values of financials assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Notes to the Consolidated Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Gross Carrying Value					Depreciation/Amortisation					Net Carrying Value
	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments#	As at 31.03.2019	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments#	As at 31.03.2019	As at 31.03.2019
Land :											
Freehold	351.22	0.48	7.46	-	359.16	-	-	-	-	-	359.16
Leasehold	234.65	1.75	8.82	-	245.22	7.75	0.15	2.83	-	10.73	234.49
Buildings :											
Freehold	894.10	6.92	620.17	0.86	1,520.33	91.14	0.75	38.39	0.07	130.21	1,390.12
Leasehold	52.07	2.80	3.36	-	58.23	10.43	2.01	4.02	-	16.46	41.77
Leasehold Improvements	10.48	-	0.02	0.03	10.47	4.02	-	2.13	0.03	6.12	4.35
Plant and Equipment	2,157.21	10.68	1,843.35	5.37	4,005.87	671.45	4.79	311.09	3.44	983.89	3,021.98
Scientific Research:											
Buildings	71.37	-	-	-	71.37	4.10	-	2.73	-	6.83	64.54
Equipment	62.58	-	3.86	0.03	66.41	15.93	-	8.15	0.01	24.07	42.34
Furnitures & Fixtures	72.49	0.72	14.78	0.32	87.67	28.50	0.43	10.90	1.12	38.71	48.96
Vehicles	25.44	(0.16)	3.28	0.64	27.92	15.18	(0.10)	3.33	0.59	17.82	10.10
Office Equipment	66.49	1.23	16.58	1.61	82.69	34.42	0.87	12.35	1.19	46.45	36.24
Assets Given on Operating Lease:											
Tinting systems	4.21	(0.51)	0.06	-	3.76	1.55	(0.39)	0.47	-	1.63	2.13
Assets Taken on Finance Lease:											
Vehicles	1.73	-	-	1.73	-	1.10	-	-	1.10	-	-
Total	**4,004.04**	**23.91**	**2,521.74**	**10.59**	**6,539.10**	**885.57**	**8.51**	**396.39**	**7.55**	**1,282.92**	**5,256.18**

(₹ in Crores)

	Gross Carrying Value							Depreciation/Amortisation							Net Carrying Value
	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary ^	Deductions / Adjustments#	Disposals of Subsidiaries *	As at 31.03.2018	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary ^	Deductions / Adjustments#	Disposals of Subsidiaries *	As at 31.03.2018	As at 31.03.2018
Land :															
Freehold	175.51	0.07	181.98	-	-	6.34	351.22	-	-	-	-	-	-	-	351.22
Leasehold	232.07	(4.91)	0.79	6.70	-	-	234.65	4.51	(0.21)	2.94	0.51	-	-	7.75	226.90
Buildings :															
Freehold	877.88	0.92	27.96	-	0.91	11.75	894.10	59.75	0.46	31.83	-	0.10	0.80	91.14	802.96
Leasehold	41.86	(0.51)	2.04	9.45	-	0.77	52.07	5.00	0.29	3.82	1.32	-	-	10.43	41.64
Leasehold Improvements	11.28	-	0.06	-	0.86	-	10.48	2.20	-	2.20	-	0.38	-	4.02	6.46
Plant and Equipment	1,979.50	0.65	199.09	6.20	15.99	12.24	2,157.21	425.87	1.63	248.30	1.78	4.46	1.67	671.45	1,485.76
Scientific Research:															
Buildings	30.49	-	40.88	-	-	-	71.37	2.60	-	1.50	-	-	-	4.10	67.27
Equipment	33.29	-	29.30	-	0.01	-	62.58	10.86	-	5.08	-	0.01	-	15.93	46.65
Furnitures & Fixtures	59.20	0.23	13.14	2.42	1.65	0.85	72.49	17.26	0.31	11.15	1.12	0.94	0.40	28.50	43.99
Vehicles	11.01	(1.42)	4.34	15.15	3.30	0.34	25.44	5.29	(0.69)	5.84	6.96	2.11	0.11	15.18	10.26
Office Equipment	54.79	0.51	12.39	0.96	0.85	1.31	66.49	21.35	0.59	12.42	0.60	0.49	0.05	34.42	32.07
Assets Given on Operating Lease:															
Tinting systems	3.72	(0.18)	0.67	-	-	-	4.21	1.08	(0.13)	0.60	-	-	-	1.55	2.66
Assets Taken on Finance Lease:															
Vehicles	2.87	0.06	-	-	1.06	0.14	1.73	1.05	0.07	0.01	-	0.03	-	1.10	0.63
Total	**3,513.47**	**(4.58)**	**512.64**	**40.88**	**24.63**	**33.74**	**4,004.04**	**556.82**	**2.32**	**325.69**	**12.29**	**8.52**	**3.03**	**885.57**	**3,118.47**

^ Refer note no 31(d) for details on acquisition of subsidiary

Deductions / Adjustments include Assets classified as held for sale (Refer note 12)

* Refer note no 31(c) for details on disposal

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note no 37 (b)

Notes to the Consolidated Financial Statements

3. INTANGIBLE ASSETS

(₹ in Crores)

	Gross Carrying Value					Amortisation					Impairment				Net Carrying Value
	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 01.04.18	Translation Difference	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 01.04.18	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
3A. Goodwill															
Goodwill on Consolidation (refer 2 below)	332.43	(5.96)	-	-	326.47	-	-	-	-	-	52.45	-	-	52.45	274.02
Goodwill (acquired separately)	47.28	-	-	-	47.28	-	-	-	-	-	-	-	-	-	47.28
Total (3A)	**379.71**	**(5.96)**	**-**	**-**	**373.75**	**-**	**-**	**-**	**-**	**-**	**52.45**	**-**	**-**	**52.45**	**321.30**
3B. Other Intangibles Assets (Acquired Separately)															
Brand (refer 1 below)	139.71	(2.85)	-	-	136.86	2.50	-	-	-	2.50	-	-	-	-	134.36
Trademark	0.94	-	-	-	0.94	0.57	-	0.19	-	0.76	-	-	-	-	0.18
Computer Software	137.68	0.54	27.99	-	166.21	78.46	0.25	29.28	-	107.99	-	-	-	-	58.22
Others	95.59	(4.34)	-	-	91.25	5.94	(0.41)	4.78	-	10.31	-	-	-	-	80.94
Scientific Research:															
Computer Software	0.16	-	-	0.02	0.14	0.10	0.01	0.03	-	0.14	-	-	-	-	-
Total (3B)	**374.08**	**(6.65)**	**27.99**	**0.02**	**395.40**	**87.57**	**(0.15)**	**34.28**	**-**	**121.70**	**-**	**-**	**-**	**-**	**273.70**
Total (3A+3B)	**753.79**	**(12.61)**	**27.99**	**0.02**	**769.15**	**87.57**	**(0.15)**	**34.28**	**-**	**121.70**	**52.45**	**-**	**-**	**52.45**	**595.00**

(₹ in Crores)

	Gross Carrying Value						Amortisation						Impairment				Net Carrying Value
	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary^	Deductions / Adjustments	As at 31.03.2018	As at 01.04.17	Translation Difference	Additions / Adjustments	Acquisition of Subsidiary^	Deductions / Adjustments	As at 31.03.2018	As at 01.04.17	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2018	As at 31.03.2018
3A. Goodwill																	
Goodwill on Consolidation (Refer 2 below)	198.65	(13.44)	147.22	-	-	332.43	-	-	-	-	-	-	52.45	-	-	52.45	279.98
Goodwill (acquired separately)	47.28	-	-	-	-	47.28	-	-	-	-	-	-	-	-	-	-	47.28
Total (3A)	**245.93**	**(13.44)**	**147.22**	**-**	**-**	**379.71**	**-**	**-**	**-**	**-**	**-**	**-**	**52.45**	**-**	**-**	**52.45**	**327.26**
3B. Other Intangibles Assets (Acquired Separately)																	
Brand (refer 1 below)	81.54	(10.50)	-	68.67	-	139.71	2.50	-	-	-	-	2.50	-	-	-	-	137.21
Trademark	0.94	-	-	-	-	0.94	0.38	-	0.19	-	-	0.57	-	-	-	-	0.37
Computer Software	109.64	(0.01)	28.17	-	0.12	137.68	48.86	0.01	29.70	-	0.11	78.46	-	-	-	-	59.22
Others	14.56	(4.97)	-	86.60	0.60	95.59	1.39	(0.31)	4.86	-	-	5.94	-	-	-	-	89.65
Scientific Research:																	
Computer Software	0.13	-	0.04	-	0.01	0.16	0.07	-	0.03	-	-	0.10	-	-	-	-	0.06
Total (3B)	**206.81**	**(15.48)**	**28.21**	**155.27**	**0.73**	**374.08**	**53.20**	**(0.30)**	**34.78**	**-**	**0.11**	**87.57**	**-**	**-**	**-**	**-**	**286.51**
Total (3A+3B)	**452.74**	**(28.92)**	**175.43**	**155.27**	**0.73**	**753.79**	**53.20**	**(0.30)**	**34.78**	**-**	**0.11**	**87.57**	**52.45**	**-**	**-**	**52.45**	**613.77**

^ Refer note 31(d) for details on acquisition of subsidiary

The amount of contractual commitments for the acquisition of intangible asset is disclosed in note no 37 (b).

1: 'Brand' include Brands acquired pursuant to acquisition of subsidiaries. These have indefinite useful life as the registration of these brands can be renewed indefinitely and management assessed that they will continue to generate future cash flows for the Group indefinitely. Accordingly, the same is not amortised.

Notes to the Consolidated Financial Statements

3A. GOODWILL

2. Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

(₹ in Crores)

	As at 31.03.19	As at 31.03.18
Goodwill on Consolidation		
Berger Paints Emirates LLC	2.60	2.51
Kadisco Paint and Adhesive Industry S.C.	46.36	45.52
Asian Paints (Vanuatu) Limited	0.89	0.83
Asian Paints (South Pacific) Pte Limited	1.81	1.70
SCIB Chemicals, S.A.E.	11.62	10.91
Asian Paints (Lanka) Limited	0.07	0.07
Causeway Paints Lanka (Private) Limited (Refer note 31(d))	134.84	142.61
Asian Paints International Private Limited (formerly known as Berger International Private Limited)	75.83	75.83
Goodwill acquired separately		
Asian Paints Limited (Bath Fittings Business) *	35.36	35.36
Sleek International Private Limited *	11.92	11.92
Total	**321.30**	**327.26**

The Group's goodwill on consolidation and goodwill acquired separately are tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management with projected revenue growth rates ranging from 6% to 27% (Previous year: 5% to 29%). Growth rate used for extrapolation of cash flows beyond the period covered by the forecast is 2% to 6% (Previous year: 2% to 4%).

The rates used to discount the forecasted cash flows is 7% to 24% (Previous year: 8% to 20%).

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

* The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a five to seven year period (Previous year: six to seven year period), as the Group believes this is to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows. Cash flows beyond such period were extrapolated using estimate rates stated above.

No impairment on goodwill was recognized during the current year or previous year.

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.

Notes to the Consolidated Financial Statements

4. INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.19	Non-Current As at 31.03.18	Current As at 31.03.19	Current As at 31.03.18
I. Non-Current Investments						
A. Investments in Equity Instruments						
(a) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	362.49	359.81	-	-
Housing Development Finance Corporation Limited	4,65,000	2	91.52	84.89	-	-
Apcotex Industries Limited	13,672	5	0.71	0.67	-	-
Total Quoted equity shares			**454.72**	**445.37**	**-**	**-**
(b) Unquoted equity shares						
(i) Associate (accounted as per equity method, Refer note 1.4.x)						
PPG Asian Paints Private Limited (Refer note 34)	2,85,18,112	10	406.94	365.88	-	-
			406.94	**365.88**	**-**	**-**
(ii) Other equity shares measured at FVTPL			**1.07**	**1.07**	**-**	**-**
Total Unquoted equity shares (i+ii)			**408.01**	**366.95**	**-**	**-**
Total Investments in Equity Instruments (a+b)		A	**862.73**	**812.32**		
B. Investments in Unquoted Government securities measured at amortised cost		B	*	*	-	-
*[₹ 39,500/- (As at 31st March, 2018 - ₹ 39,500)]						
C. Investments in Debentures or Bonds						
a) Investments in Quoted Debentures or Bonds measured at FVTOCI			79.51	80.47	-	-
b) Investments in Unquoted Debentures or Bonds measured at amortised cost			1.20	1.17	-	-
Total Investments in Debentures or Bonds		C	**80.71**	**81.64**	**-**	**-**
D. Investments in Quoted Mutual Funds measured at FVTPL			451.72	190.07	84.25	346.87
Amount included under the head "Current Investments"			-	-	(84.25)	(346.87)
Total Investments in Mutual Funds - Quoted		D	**451.72**	**190.07**	**-**	**-**
Total Non-Current Investments (A+B+C+D)			**1,395.16**	**1,084.03**	**-**	**-**
Total Non-Current Investments in Associate			**406.94**	**365.88**		
Total Non-Current Investments in Other entities			**988.22**	**718.15**		
Aggregate amount of quoted investments - At cost			**542.38**	**291.88**	-	-
Aggregate amount of quoted investments - At market value			**985.95**	**715.91**	-	-
Aggregate amount of unquoted investments - At carrying value			**409.21**	**368.12**	-	-
II. Current Investments						
A. Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))			-	-	84.25	346.87
ii. Investments in Liquid Mutual Funds			-	-	1,087.12	603.02
iii. Investments with original maturity more than three months but less than twelve months			-	-	-	106.78
Total Investments in Mutual Funds - Quoted (i+ii+iii)		A	**-**	**-**	**1,171.37**	**1,056.67**
B. Investments in Unquoted Government Securities measured at amortised cost		B	**-**	**-**	**3.16**	**-**
Total Current Investments (A+B)			**-**	**-**	**1,174.53**	**1,056.67**
Aggregate amount of quoted investments - At cost			**-**	**-**	**1,124.64**	**971.79**
Aggregate amount of quoted investments - At market value			**-**	**-**	**1,171.37**	**1,056.67**

Notes to the Consolidated Financial Statements

5. LOANS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Unsecured and Considered good				
(a) Sundry Deposits	78.58	81.44	15.47	12.70
(b) Finance Lease Receivables (Refer note 41 (IV))	0.02	0.03	0.12	0.11
Total	**78.60**	**81.47**	**15.59**	**12.81**

6. TRADE RECEIVABLES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Secured, considered good	-	-	58.86	10.88
(b) Unsecured, considered good	6.09	6.43	1,848.47	1,719.75
(c) Unsecured, considered doubtful	0.17	-	120.55	89.13
	6.26	**6.43**	**2,027.88**	**1,819.76**
Less : Allowance for unsecured doubtful debts	(0.17)	-	(120.55)	(89.13)
Total	**6.09**	**6.43**	**1,907.33**	**1,730.63**

7. OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Royalty receivable	-	-	0.79	0.32
Due from associate company (Refer note 33)	-	-	5.21	4.97
Subsidy Receivable from State Government	220.64	87.79	154.54	239.42
Other bank balances (Refer note 8 (B))	6.15	2.84	-	-
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.62	3.38
Quantity discount receivable	-	-	179.48	162.09
Bank deposits with more than 12 months of original maturity	-	56.90	177.78	166.05
Forward exchange contract (net)	-	-	0.01	-
Other receivable	-	3.75	4.54	4.55
Total	**226.79**	**151.28**	**525.97**	**580.78**

Notes to the Consolidated Financial Statements

8. CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(A) Cash and Cash Equivalents				
(a) Balances with Banks :				
(i) Current Accounts	-	-	146.53	176.63
(ii) Cash Credit Account##	-	-	11.90	3.06
(iii) Deposits with original maturity of less than 3 months	-	-	70.32	57.26
(b) Cheques, drafts on hand	-	-	46.84	74.53
(c) Cash on hand	-	-	0.38	0.64
Total	**-**	**-**	**275.97**	**312.12**
(B) Other Balances with Banks				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	-	-	150.05	78.39
(ii) Banks deposits with more than 12 months original maturity	-	0.31	-	-
(iii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	-	-	18.86	14.14
(iv) Term deposits held as margin money against bank guarantee and other commitments	6.15	2.53	-	-
	6.15	**2.84**	**168.91**	**92.53**
Amount included under the head "Other Financial Assets"	(6.15)	(2.84)	-	-
Total	**-**	**-**	**168.91**	**92.53**

Secured by hypothecation of inventories and trade receivables and carries interest rate @ 8.60% to 17.45% p.a (as at 31st March, 2018 : 8.15% to 8.30% p.a.)

* The Group can utilise these balances only towards settlement of unclaimed dividend and fractional bonus shares.

9. CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Advance payment of Income Tax (net)	158.87	68.30	-	-
Total	**158.87**	**68.30**	**-**	**-**

Notes to the Consolidated Financial Statements

10. OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Capital Advances	32.30	281.58	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	31.60	33.25	214.16	208.42
ii) Balances with government authorities	8.04	4.32	163.44	206.59
iii) Advances to employees	0.94	0.45	10.30	8.34
iv) Employee benefits assets (Refer note 32)	-	-	-	4.68
v) Duty Credit Entitlement	-	-	4.24	16.54
vi) Other Receivables	-	0.94	8.82	10.66
Total	**72.88**	**320.54**	**400.96**	**455.23**

11. INVENTORIES (At lower of cost and net realisable value)

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
(a) Raw materials	974.21	796.63
Raw materials-in-transit	191.29	185.57
	1,165.50	**982.20**
(b) Packing materials	54.13	57.07
(c) Work-in-progress	116.81	105.18
(d) Finished goods	1,388.69	1,161.55
Finished goods-in-transit	6.90	3.00
	1,395.59	**1,164.55**
(e) Stock-in-trade (acquired for trading)	308.26	236.04
Stock-in-trade (acquired for trading) in-transit	17.47	39.07
	325.73	**275.11**
(f) Stores, spares and consumables	91.38	74.20
Stores, spares and consumables-in-transit	0.72	-
	92.10	**74.20**
Total	**3,149.86**	**2,658.31**

The cost of inventories recognised as an expense during the year is disclosed in Note 24.

The cost of inventories recognised as an expense includes ₹ 6.61 crores (previous year ₹ 17.89 crores) in respect of write down of inventory to net realisable value. There has been no reversal of such write down in current and previous years.

Notes to the Consolidated Financial Statements

12. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at 31.03.2019 Carrying Value	As at 31.03.2018 Carrying Value
Plant and Equipment (i)	-	0.93
Freehold Land (ii)	14.46	13.97
Building (ii)	0.47	0.10
Total	**14.93**	**15.00**

(i) Assets relating to the Parent Company were disposed off during the year.

(ii) Subsidiaries of the Group intends to sell freehold land and building at Baddi and freehold land at Sanaswadi, as it no longer plans to utilise the same in the next 12 months. A search is underway for suitable buyer(s) for the said assets. No impairment loss was recognised in respect of these assets since the subsidiary expects that fair value less cost to sell would be higher than carrying amount.

13. EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Authorised		
99,50,00,000 Equity Shares of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of ₹ 100 each	0.50	0.50
	100.00	**100.00**
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Share of ₹ 1 each fully paid	95.92	95.92
	95.92	**95.92**

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Fully paid Equity Shares	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	95,91,97,790	95.92	95,91,97,790	95.92
Add: Issued during the year	-	-	-	-
At the end of the year	**95,91,97,790**	**95.92**	**95,91,97,790**	**95.92**

b) Terms/rights attached to equity shares

The Parent Company has only one class of shares referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian Rupees. Payment of dividend is also made in foreign currency to shareholders outside India. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements

13. EQUITY SHARE CAPITAL (Contd.)

c) Details of Shareholders holding more than 5% equity shares in the parent company [@]

Name of Shareholders	As at 31.03.2019		As at 31.03.2018	
	No of Equity Shares	Percentage holding	No of Equity Shares	Percentage holding
Fully paid Equity Shares of ₹ 1 each held by:				
1. Smiti Holding and Trading Company Private Limited	5,40,84,120	5.64	5,40,84,120	5.64
2. Sattva Holding and Trading Private Limited	5,28,84,120	5.51	5,28,84,120	5.51
3. Geetanjali Trading and Investments Private Limited	4,92,67,440	5.14	4,92,67,440	5.14
4. Life Insurance Corporation of India	3,80,16,558	3.96	7,36,00,266	7.67

[@] As per the records of the Parent Company, including its register of members

As per the Companies Act, 2013, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the event of liquidation of the Company. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors at its meeting held on 22nd October, 2018 declared an interim dividend of ₹ 2.85 (Rupees two and paise eighty five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 09th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and Paise sixty five only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March, 2019. If approved, the total dividend (interim and final dividend) for the financial year 2018-19 will be ₹ 10.50 (Rupees ten and Paise fifty only) per equity share of the face value of ₹ 1 each (₹ 8.70 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

Notes to the Consolidated Financial Statements

14 OTHER EQUITY

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other comprehensive income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-controlling interests	Total
Balance as at 1st April, 2018 (A)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96
Additions during the year :														
Profit for the year	-	-	-	-	-	2,159.49	-	-	-	-	-	2,159.49	52.42	2,211.91
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(5.56)	-	-	(5.56)	9.08	3.52
Remeasurement of defined benefit plans	-	-	-	-	-	(25.71)	-	-	-	-	-	(25.71)	0.17	(25.54)
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	9.35	-	9.35	-	9.35
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(1.17)	-	-	-	(1.17)	-	(1.17)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.24	0.24	-	0.24
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,133.78	-	(1.17)	(5.56)	9.35	0.24	2,136.64	61.67	2,198.31
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(853.68)	-	-	-	-	-	(853.68)	(26.27)	(879.95)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(173.50)	-	-	-	-	-	(173.50)	-	(173.50)
Transfer to Statutory Reserves and General Reserve	-	-	-	0.74	-	(0.74)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	0.74	-	(1,027.92)	-	-	-	-	-	(1,027.18)	(26.27)	(1,053.45)
Balance as at 31st March, 2019 (A+B+C)	39.16	44.38	5.37	13.68	4,715.75	4,653.64	(15.72)	(0.01)	(142.58)	110.90	(0.80)	9,423.77	363.05	9,786.82

Notes to the Consolidated Financial Statements

14 OTHER EQUITY (Contd.)

1. **Description of nature and purpose of each reserve**

   Capital Reserve -

   a. Capital reserve of ₹ 5,000/- was created on merger of ' Pentasia Chemicals Ltd ' with the Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.

   b. Capital reserve of ₹ 44.38 crores was created on amalgamation of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Parent Company, with the Parent Company as per the order passed by the National Company Law Tribunal.

   Capital Reserve on Consolidation: During the year 2012-13, a Composite Scheme of Restructuring ('Scheme') as approved by Hon'ble High Court of Bombay was affected to transfer certain businesses between the Parent, PPG Asian Paints Pvt. Ltd. and Asian Paints PPG Pvt. Ltd. The Capital Reserve on Consolidation represents the additional net assets received by the Parent pursuant to the Scheme.

   Capital Redemption Reserve: This reserve was created for redemption of preference shares by the Group prior to 2003.

   General Reserve - General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income.

   Debt instruments through Other Comprehensive Income -This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and for impairment losses on such instruments.

   Equity instruments through Other Comprehensive Income - This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

   Foreign Currency Translation Reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the Other Comprehensive Income and accumulated in Foreign Currency Translation Reserve. Exchange difference previously accumulated in the Foreign Currency Translation Reserve are reclassified to profit or loss on the disposal of the foreign operation.

   Statutory Reserve - Certain subsidiaries of the Group are required to set aside a minimum amount of specified percentage of profits annually before distribution of dividends, in accordance with the local regulations. No furthur transfer is required when the reserve reaches certain percentage of the issued capital of the subsidiary. The statutory reserve may only be distributed to shareholders upon liquidation of the subsidiary or in the circumstances stipulated in the regulations.

   Other Reserve: Other reserve represents non-controlling interest reserve created on acquisition of additional stake of 49% from non-controlling shareholder of Sleek International Private Limited (Refer note 31(a)).

2. The Group doesn't have any material subsidiary warranting a disclosure in respect of individual subsidiaries.

Notes to the Consolidated Financial Statements

14 OTHER EQUITY (Contd.)

(₹ in Crores)

	Attributable to owners of the Company													
	Reserves and Surplus							Items of Other comprehensive income (OCI)						
	Capital Reserve on Consolidation	Capital Reserve	Capital Redemption Reserve	Statutory Reserves	General Reserve	Retained Earnings	Other Reserves	Debt Instruments through OCI	Foreign Currency Translation Reserve	Equity Instruments through OCI	Share of OCI in Associate	Total attributable to owners of the Company	Non-controlling interests	Total
Balance as at 1st April, 2017 (A)	39.16	44.38	5.37	11.90	4,715.75	2,688.71	-	3.77	(110.68)	110.91	(1.30)	7,507.97	375.45	7,883.42
Additions during the year :														
Profit for the year	-	-	-	-	-	2,038.93	-	-	-	-	-	2,038.93	58.59	2,097.52
Items of OCI for the year, net of tax														
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	-	(26.34)	-	-	(26.34)	(5.34)	(31.68)
Remeasurement of defined benefit plans	-	-	-	-	-	8.60	-	-	-	-	-	8.60	(0.01)	8.59
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	-	-	-	-	(9.36)	-	(9.36)	-	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	-	-	-	(2.61)	-	-	-	(2.61)	-	(2.61)
Share of the OCI in associate	-	-	-	-	-	-	-	-	-	-	0.26	0.26	-	0.26
Total Comprehensive Income for the year (B)	-	-	-	-	-	2,047.53	-	(2.61)	(26.34)	(9.36)	0.26	2,009.48	53.24	2,062.72
Reductions during the year :														
Dividends (Refer note 30)	-	-	-	-	-	(987.98)	-	-	-	-	-	(987.98)	(32.93)	(1,020.91)
Income tax on Dividend (Refer note 30)	-	-	-	-	-	(199.44)	-	-	-	-	-	(199.44)	-	(199.44)
Effect of stake acquired from non controlling interest (Refer note 31 (a))	-	-	-	-	-	-	(15.72)	-	-	-	-	(15.72)	(34.41)	(50.13)
Disposal of Subsidiaries (Refer note 31 (c))	-	-	-	-	-	-	-	-	-	-	-	-	(33.70)	(33.70)
Transfer to Statutory Reserves and General Reserve	-	-	-	1.04	-	(1.04)	-	-	-	-	-	-	-	-
Total (C)	-	-	-	1.04	-	(1,188.46)	(15.72)	-	-	-	-	(1,203.14)	(101.04)	(1,304.18)
Balance as at 31st March, 2018 (A+B+C)	39.16	44.38	5.37	12.94	4,715.75	3,547.78	(15.72)	1.16	(137.02)	101.55	(1.04)	8,314.31	327.65	8,641.96

Notes to the Consolidated Financial Statements

15. BORROWINGS ^

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Secured				
(i) Term Loans				
From banks +	7.92	17.59	10.82	11.03
(ii) Deferred payment liabilities				
Loan from State of Haryana ##	10.89	9.87	-	1.42
Finance Lease liability ### (Refer note 41 (III))	0.41	0.43	0.03	0.03
(iii) Loan repayable on demand from				
Banks or financial institutions **	-	-	19.95	16.48
Cash Credit / Overdraft Accounts**	-	-	58.88	22.48
Unsecured				
(i) Deferred payment liabilities				
Sales tax deferment scheme - State of Maharashtra *	0.26	0.44	0.17	0.20
(ii) Loan repayable on demand - from banks/financial institutions***	-	-	490.30	406.48
(iii) Loan repayable on demand - Cash Credit / Overdraft Accounts****	-	-	27.40	46.98
	19.48	**28.33**	**607.55**	**505.10**
Amount included under the head "Other Financial liabilities" (Refer note 16)	-	-	(11.02)	(12.68)
Total	**19.48**	**28.33**	**596.53**	**492.42**

Notes:

\+ Secured against mortgage on Building and Plant & Equipment of one of the subsidiary company. Non-current portion is repayable in quarterly installments by December 2020. [Interest rate : 4% p.a. (Previous year : 4%)]

The Parent Company is eligible to avail interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April 2010. For the year ended 31st March, 2011, 31st March 2012 and 31st March 2013, the Parent Company has already received the interest free loan of ₹ 3.41 crores, ₹ 5.90 crores and ₹ 7.89 crores respectively. Loan received post transition to Ind AS (w.e.f 01.04.2015) are recognised at fair value using prevailing market interest rate for equivalent loan. The difference between the gross proceeds and fair value of the loan is the benefit derived from the interest free loan and is recognised as deferred income (Refer note 18).

This loan is secured by way of a bank guarantee issued by the Parent Company and is repayable after a period of 5 years from the date of receipt of interest free loan. For the year ended 31st March, 2014, 31st March, 2015, 31st March, 2016 and 31st March, 2017, the Parent Company had made the necessary application to the Haryana Government for the issue of eligibility certificate.

Secured by assets taken on finance lease by the respective subsidiaries. Effective interest rate: 2018-19: 9.5% p.a (Previous year : 9.5% p.a).

** Secured against the fixed deposits, receivables, inventories, property, plant and equipment of certain subsidiary companies carry interest rate @ 4.75% - 8.40% p.a. (Previous year : 4% - 9% p.a.)

* Sales tax deferral scheme - State of Maharashtra represents sales tax deferment availed under the sales tax deferment scheme of Government of Maharashtra. It has a deferment period of 10 years and is repayable over 5 yearly installments as per repayment schedule starting from 2011. The accumulated sales tax deferral loan till 31st March 2019 is ₹ 0.43 crores (Previous year : ₹ 0.64 crores).

*** Loan from banks / financial instruments bear interest at rates ranging from 1.55% to 2.17% p.a. and are repayable in within 12 months (Previous year : 1.1% to 1.6% p.a.)

**** Unsecured cash credit/overdraft facility with banks carries interest rates of 7.60% to 7.75% p.a.(Previous year : 7.6 % p.a. to 8.9% p.a)

^ Default in terms of repayment of principal and interest - NIL

Notes to the Consolidated Financial Statements

16. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Current maturities of Long-term debt (Refer note 15)	-	-	10.99	12.65
(b) Current maturities of finance lease obligations (Refer note 15)	-	-	0.03	0.03
(c) Investor education and protection fund #				
(i) Unpaid/ Unclaimed dividend	-	-	18.86	14.11
(ii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	-	-	-	0.04
	-	**-**	**18.86**	**14.15**
(d) Others				
Retention monies relating to capital expenditure	1.38	0.65	77.25	75.40
Trade deposits (from certain customers)	1.59	2.19	0.07	1.56
Payable towards capital expenditure	0.20	-	156.89	205.52
Payable towards services received	-	-	321.74	275.87
Payable towards stores spares and consumables	-	-	10.02	8.54
Payable to employees [including ₹ 5.25 crores due to Managing Director (as at 31st March, 2018 ₹ 4.50 crores)]	-	-	198.30	142.84
Payable towards other expenses (Refer note 39) [including ₹ 3.97 crores due to Non-Executive Directors (as at 31st March, 2018 ₹ 3.90 crores)]	0.77	1.95	840.85	625.66
Interest accrued but not due on borrowings	-	-	-	0.22
Others	-	0.20	16.44	1.29
	3.94	**4.99**	**1,621.56**	**1,336.90**
Total	**3.94**	**4.99**	**1,651.44**	**1,363.73**

Investor Education and Protection Fund ('IEPF') - As at 31st March, 2019, there is no amount due and outstanding to be transferred to the IEPF by the Parent Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

17. PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Provision for Employee Benefits (Refer note 32)				
Provision for Compensated absences	120.55	108.18	17.57	19.62
Provision for Gratuity and Pension (funded)	1.92	2.90	15.12	1.45
Provision for Pension, Leaving Indemnity, Medical Plan and Others (unfunded)	25.90	23.15	0.30	0.34
Provision for Post retirement medical and other benefits	5.42	3.95	9.09	2.62
Others	0.05	0.17	1.98	-
	153.84	**138.35**	**44.06**	**24.03**
(b) Others (Refer note 42)				
Provision for Excise	-	-	0.63	0.71
Provision for CST/VAT and Other Statutory Liabilities	1.75	1.77	28.90	29.53
Provision for Warranties	-	-	2.62	2.33
	1.75	**1.77**	**32.15**	**32.57**
Total	**155.59**	**140.12**	**76.21**	**56.60**

Notes to the Consolidated Financial Statements

18. OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
(a) Revenue received in advance				
Advance received from customers	-	-	13.20	16.27
(b) Other Payables				
Statutory Dues Payables	-	-	143.24	260.57
Deferred income arising from government grant (Refer note 15)	1.52	2.61	1.06	1.06
Others	1.47	0.96	6.37	4.99
	2.99	**3.57**	**150.67**	**266.62**
Total	**2.99**	**3.57**	**163.87**	**282.89**

19. TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises	61.37	39.88
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,332.97	2,120.08
Total	**2,394.34**	**2,159.96**

* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Parent Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 320.06 crores (Previous year ₹ 165.42 crores).

Notes to the Consolidated Financial Statements

20. INCOME TAXES

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. The major components of income tax expense for the year are as under:		
(i) Income tax recognised in the Consolidated Statement of Profit and Loss		
Current tax		
In respect of current year	940.35	1,041.30
Adjustments in respect of previous year	2.40	(0.63)
Deferred tax:		
In respect of current year	156.65	(0.59)
Adjustments in respect of deferred tax of previous year	(0.58)	0.12
Minimum Alternative Tax (MAT) Credit utilised	-	0.76
Income tax expense reported in the Consolidated Statement of Profit and Loss	**1,098.82**	**1,040.96**
(ii) Income tax recognised in OCI		
Deferred tax:		
Deferred tax expense/ (benefit) on fair value gain on investments in debt instruments through OCI	0.15	2.30
Deferred tax expense on remeasurements of defined benefit plans	14.07	4.58
Income tax expense recognised in OCI	**14.22**	**6.88**
B. Reconciliation of tax expense and the accounting profit for the year is as under:		
Profit for the period before Share of Profit in Associate	**3,269.91**	**3,022.69**
Income tax expense calculated at 34.944% (Previous year 34.608%)	1,142.63	1,046.09
Prior years' tax loss carry forward utilised	-	-
Tax effect on non-deductible expenses	28.43	27.52
Incentive tax credits	(55.74)	(16.05)
Effect of Income which is taxed as special rates	(9.35)	(11.33)
Effect of Income that is exempted from tax	(15.28)	(14.21)
Effect of different tax rates in the components	(21.32)	(21.23)
Deferred Tax on undistributed profits	9.62	11.53
Others	18.01	19.15
Total	**1,097.00**	**1,041.47**
Adjustments in respect of current income tax of previous year	2.40	(0.63)
Adjustments in respect of deferred income tax of previous year	(0.58)	0.12
Income tax expense reported in the Consolidated Statement of Profit and Loss	**1,098.82**	**1,040.96**

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (31st March, 2018: 34.608%) payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31st March, 2019

(₹ in Crores)

Particulars	Balance Sheet		Profit and Loss	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net			Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2018	01.04.2018	2018-19	2018-19	31.03.2019	31.03.2019
Deferred Tax relates to following :						
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(378.88)	(2.12)	(150.73)	-	(530.07)	(2.07)
Provision for expense allowed for tax purpose on payment basis (Net)	50.09	2.41	(4.35)	-	44.61	3.54
Retirement Benefit Plans	(8.04)	3.77	-	14.07	6.13	3.68
Allowance for doubtful debts and advances	0.38	-	-	-	0.38	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	3.36	-	(1.73)	-	1.64	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.45)	-	-	0.15	(0.30)	-
Net fair value loss on investments through FVTPL	(17.38)	-	0.04	-	(17.34)	-
Capital losses carried forward under Income Tax	-	(2.07)	0.96	-	-	(1.59)
Undistributed profits of subsidiaries	(64.47)	-	(7.61)	-	(72.27)	-
Others	(1.73)	17.61	6.77	-	-	23.40
Deferred tax (expense) / income			**(156.65)**	**14.22**		
Net Deferred tax assets/(liabilities) of earlier years	-	-	0.58	-	(0.50)	1.08
Currency translation gain	-	-	-	(0.30)	-	-
Net Deferred tax assets/(liabilities)	**(417.12)**	**19.60**			**(567.72)**	**28.04**

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

As at 31st March, 2018 (₹ in Crores)

Particulars	Balance Sheet		Pursuant to disposal & acquisition [Refer note 31 (c) & 31 (d)]	Profit and Loss*	OCI	Balance Sheet	
	Deferred Tax Liabilities - Net	Deferred Tax Assets - Net				Deferred Tax Liabilities - Net	Deferred Tax Assets - Net
	01.04.2017	01.04.2017	2017-18	2017-18	2017-18	31.03.2018	31.03.2018
Deferred Tax relates to following							
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and income tax	(335.24)	(0.13)	(50.13)	(2.85)	-	(378.88)	(2.12)
Provision for expense allowed for tax purpose on payment basis (Net)	43.04	0.25	-	9.22	-	50.09	2.41
Retirement Benefit Plans	(5.62)	3.88	1.61	0.64	(4.58)	(8.04)	3.77
Allowance for doubtful debts and advances	0.38	-	-	-	-	0.38	-
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	5.06	-	-	(1.70)	-	3.36	-
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	1.85	-	-	-	(2.30)	(0.45)	-
Net fair value loss on investments through FVTPL	(12.75)	-	-	(4.63)	-	(17.38)	-
Capital losses carried forward under Income Tax	-	(0.86)	(2.10)	0.78	-	-	(2.07)
Undistributed profits of subsidiaries	(53.42)	-	(6.11)	(4.51)	-	(64.47)	-
Others	(2.49)	13.02	4.11	2.88	-	(1.73)	17.61
Deferred tax (expense) / income			**(52.62)**	**(0.17)**	**(6.88)**		
Net Deferred tax assets/ (liabilities) of earlier years	-	-	-	(0.12)	-	-	-
Currency translation gain	-	-	-	-	5.30	-	-
Net Deferred tax assets/ (liabilities)	**(359.19)**	**16.16**				**(417.12)**	**19.60**

* Includes deferred tax of 'Discontinued operations' (Refer note 31(c))

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

The Parent and its Subsidiaries have the following unused tax losses which arose on incurrence of capital losses and business losses under the Income Tax for which no deferred tax asset has been recognised in the balance sheet.

As at 31st March, 2019

Financial Year	Category	31.03.2019	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Depreciation	1.12	NA
2012-2013	Business loss/Capital loss	0.10	31st March, 2021
2013-2014	Business loss	0.83	31st March, 2022
2013-2014	Depreciation	15.64	NA
2013-2014	Depreciation	0.97	NA
2013-2014	Business loss/Capital loss	1.35	31st March, 2022
2014-2015	Business loss	11.45	31st March, 2023
2014-2015	Depreciation	12.61	NA
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss/Capital loss	0.26	31st March, 2023
2014-2015	Business Loss	0.09	31st March, 2020
2015-2016	Business loss	10.46	31st March, 2024
2015-2016	Depreciation	15.82	NA
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss/Capital loss	0.10	31st March, 2024
2015-2016	Business Loss	7.76	31st March, 2021
2016-2017	Business loss	13.46	31st March, 2025
2016-2017	Depreciation	10.75	NA
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss/Capital loss	0.59	31st March, 2025
2016-2017	Business Loss	19.40	31st March, 2022
2017-2018	Business loss	13.82	31st March, 2026
2017-2018	Depreciation	8.38	NA
2017-2018	Depreciation	0.89	NA
2017-2018	Business loss/Capital loss	0.30	31st March, 2026
2017-2018	Business Loss	39.77	31st March, 2023
2018-2019	Business loss	15.74	31st March, 2027
2018-2019	Depreciation	7.27	NA
2018-2019	Depreciation	1.74	NA
2018-2019	Business Loss	49.05	31st March, 2024

Notes to the Consolidated Financial Statements

20. INCOME TAXES (Contd.)

As at 31st March, 2018

Financial Year	Category	31.03.2018	Expiry Date
2010-2011	Depreciation	0.81	NA
2011-2012	Depreciation	1.27	NA
2012-2013	Depreciation	1.93	NA
2012-2013	Business Loss / Capital loss	0.10	31st March, 2021
2012-2013	Depreciation	1.12	NA
2013-2014	Business loss	0.83	31st March, 2022
2013-2014	Business Loss / Capital loss	1.35	31st March, 2022
2013-2014	Depreciation	0.97	NA
2013-2014	Depreciation	15.64	NA
2014-2015	Depreciation	12.61	NA
2014-2015	Business loss	0.08	31st March, 2020
2014-2015	Business Loss / Capital loss	0.26	31st March, 2023
2014-2015	Depreciation	0.87	NA
2014-2015	Business loss	11.45	31st March, 2023
2015-2016	Business Loss / Capital loss	0.10	31st March, 2024
2015-2016	Depreciation	0.78	NA
2015-2016	Business loss	7.53	31st March 2021
2015-2016	Business loss	10.46	31st March 2024
2015-2016	Depreciation	15.82	NA
2016-2017	Depreciation	10.75	NA
2016-2017	Business Loss / Capital loss	0.59	31st March, 2025
2016-2017	Depreciation	0.85	NA
2016-2017	Business loss	24.21	31st March, 2025
2016-2017	Business loss	18.84	31st March, 2022
2017-2018	Business loss	5.29	31st March, 2026
2017-2018	Depreciation	8.69	NA
2017-2018	Business loss	38.61	31st March, 2023

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is ₹ 308.65 crores (2017-18 : ₹ 229.80 crores). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

Notes to the Consolidated Financial Statements

21. CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2019	As at 31.03.2018
Provision for Income Tax (net)	146.48	95.47
Total	**146.48**	**95.47**

22 A. REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from sale of products (including excise duty)	19,091.21	16,963.35
Revenue from sale of services	80.79	74.91
Other operating revenues*	177.84	223.97
Total#	**19,349.84**	**17,262.23**

Consequent to the introduction of Goods and Services Tax (GST) in India w.e.f. 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed in GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of 'Revenue'. Accordingly, the figures for the year ended 31st March, 2018 is not strictly relatable to previous year. The following additional information is being provided to facilitate such understanding:

(₹ in Crores)

	Year 2018-19	Year 2017-18
Revenue from operations (A)	19,349.84	17,262.23
Excise duty on sale (B)	-	418.47
Revenue from operations excluding excise duty on sale (A-B)	**19,349.84**	**16,843.76**

* The Company's manufacturing facility at Khandala, Maharashtra has been granted "Mega Project Status" by Government of Maharashtra (GoM) and hence is eligible for Industrial Promotion Subsidy (IPS) under Package Scheme of Incentive, 2007 in the form of refund of VAT paid to Maharashtra Government, exemption on electricity duty and stamp duty within a period of 9 years from the date of commencement of commercial production, restricted to a maximum of 100% of fixed capital investment as per the Eligibility Certificate issued by Director of Industries, Government of Maharashtra. Based on Memorandum of Understanding and clarifications from GoM, the Company has continued to recognise the incentive computed based on SGST paid to GoM. Further, in terms of the Ind AS 20 - "Accounting for Government Grants and Disclosure of Government Assistance", eligible incentive as mentioned above amounting to ₹133.41 crores (Previous year ₹ 162.36 crores) for year ended 31st March, 2019 is credited to Consolidated Statement of Profit and Loss and included under the head "Other operating income" on accrual basis.

Notes to the Consolidated Financial Statements

22 B. REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2018-19	Year 2017-18
A. Revenue from contracts with customers disaggregated based on nature of product or services		
Revenue from sale of products (including excise duty)		
Paints and allied products	18,685.29	16,635.87
Home improvement	405.92	327.48
Total	**19,091.21**	**16,963.35**
Revenue from sale of services		
Revenue from home solutions operations	12.48	9.73
Revenue from painting and related services	62.09	57.05
Other services	6.22	8.13
Total	**80.79**	**74.91**
Other operating revenues		
Processing and service income	17.96	44.15
Scrap sales	20.16	13.77
Others	4.13	2.76
Total	**42.25**	**60.68**
Other Income (Refer note 23(c)(ii))		
Royalty received		
- From associate	3.34	3.44
- From others	0.28	0.32
Total	**3.62**	**3.76**
Total	**19,217.87**	**17,102.70**
B. Revenue from contracts with customers disaggregated based on geography		
Home	19,079.55	16,914.06
Exports	138.32	188.64
Total	**19,217.87**	**17,102.70**

(₹ in Crores)

	Year 2018-19	Year 2017-18
Reconciliation of Gross Revenue with the Revenue from Contracts with Customers		
Gross Revenue	22,025.51	19,780.45
Less: Discounts	2,807.64	2,677.75
Net Revenue recognised from Contracts with Customers	**19,217.87**	**17,102.70**

The Group has recognised revenue of ₹ 13.57 crores (31st March, 2018: ₹ 10.46 crores) from the amounts included under advance received from customer at the beginning of the year.

The amounts receivable from customers become due after expiry of credit period which is maximum 210 days. There is no significant financing component in any transaction with the customers.

The Group provides agreed upon specification warranty for selected range of products. The amount of liability towards such warranty is immaterial. (Refer note 42)

The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Notes to the Consolidated Financial Statements

23. OTHER INCOME

(₹ in Crores)

	Year 2018-19	Year 2017-18
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	5.84	19.56
Other financial assets carried at amortised cost	33.65	19.93
	39.49	**39.49**
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	5.36	5.29
Dividends from mutual fund investments measured at FVTPL	34.33	32.47
	39.69	**37.76**
(c) Other non-operating income		
(i) Insurance claim received	1.28	0.51
(ii) Royalty received		
- From associate (Refer note 33)	3.34	3.44
- From others	0.28	0.32
	3.62	**3.76**
(iii) Net gain arising on financial assets measured at FVTPL#	52.76	54.33
(iv) Others	76.03	54.53
	133.69	**113.13**
(d) Other gains and losses		
Net foreign exchange gains (Other than considered as finance cost)	-	29.77
Net gain on sale of property, plant and equipment	14.18	0.47
	14.18	**30.24**
Total	**227.05**	**220.62**

* This relates to investments held at the end of reporting period

\# Includes gain on sale of financial assets measured at FVTPL for ₹ 10.29 crores (Previous year ₹ 10.48 crores).

Notes to the Consolidated Financial Statements

24(A). COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2018-19	Year 2017-18
Raw Materials Consumed		
Opening Stock	982.20	814.86
Add : Pursuant to acquisition (Refer note 31(d))	-	19.39
Add : Purchases	8,919.12	7,327.24
	9,901.32	**8,161.49**
Less: Closing Stock	1,165.50	982.20
	8,735.82	**7,179.29**
Less : Pursuant to disposal (Refer note 31 (c))	-	14.74
	8,735.82	**7,164.55**
Packing Materials Consumed		
Opening Stock	57.07	55.23
Add : Pursuant to acquisition (Refer note 31(d))	-	2.54
Add : Purchases	1,617.94	1,423.50
	1,675.01	**1,481.27**
Less : Closing Stock	54.13	57.07
	1,620.88	**1,424.20**
Less : Pursuant to disposal (Refer note 31 (c))	-	3.34
	1,620.88	**1,420.86**
Total Cost of Materials Consumed	**10,356.70**	**8,585.41**
24(B). PURCHASES OF STOCK-IN-TRADE	**1,278.93**	**963.62**
24(C). CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Stock at the beginning of the year		
Finished Goods (including goods in transit)	1,164.55	1,381.31
Work-in-Progress	105.18	85.92
Stock-in-trade acquired for trading (including goods in transit)	275.11	222.30
Less : Pursuant to disposal (Refer note 31 (c))	-	18.90
	1,544.84	**1,670.63**
Add : Pursuant to acquisition (Refer note 31(d))	-	16.34
Total	**1,544.84**	**1,686.97**
Stock at the end of the year		
Finished Goods (including goods in transit)	1,395.59	1,164.55
Work-in-Progress	116.81	105.18
Stock-in-trade acquired for trading (including goods in transit)	325.73	275.11
Total	**1,838.13**	**1,544.84**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	**(293.29)**	**142.13**

Notes to the Consolidated Financial Statements

25. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Salaries and wages	1,101.90	969.32
Contribution to provident and other funds (Refer note 32)	67.52	62.94
Staff welfare expenses	100.60	83.22
Total	**1,270.02**	**1,115.48**

26. OTHER EXPENSES

(₹ in Crores)

	Year 2018-19	Year 2017-18
Consumption of stores, spares and consumables	53.82	48.24
Power and fuel	102.66	94.36
Processing charges	131.61	110.05
Repairs and maintenance:		
Buildings	19.25	23.69
Machinery	34.82	28.76
Other assets	40.55	60.08
	94.62	**112.53**
Rent [Refer note 41 (II)]	259.93	239.32
Rates and taxes	18.61	24.58
Water charges	5.51	4.75
Insurance	11.19	12.06
Printing, stationery and communication expenses	50.86	53.04
Travelling expenses	127.85	104.59
Donations	0.26	0.69
Corporate social responsibility expenses	53.75	46.67
Commission to Non Executive Directors	3.97	3.90
Directors' sitting fees	1.89	2.51
Payment to auditors	4.94	4.43
Bank charges	5.31	6.40
Net loss on foreign currency transactions and translations (other than considered as finance cost)	5.99	-
Information technology expenses	59.66	58.00
Legal and professional expenses	40.20	46.78
Training and recruitment	36.91	37.86
Freight and handling charges	1,151.86	980.09
Advertisement expenses	796.43	662.70
Bad debts written off	3.28	4.95
Allowances for doubtful debts (net)	28.64	10.63
Security expenses	37.58	31.47
Electricity expenses	11.86	11.19
Miscellaneous expenses	105.44	108.51
Total	**3,204.63**	**2,820.30**

Notes to the Consolidated Financial Statements

27. FINANCE COSTS

(₹ in Crores)

	Year 2018-19	Year 2017-18
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	20.50	12.72
(b) Interest on bill discounting	23.89	17.52
(c) Net foreign exchange loss on borrowings (considered as finance cost)	-	0.78
(d) Interest on loan from State of Haryana	1.03	0.91
(e) Other interest expense	2.44	1.54
Total interest expense for financial liabilities carried at amortised cost	**47.86**	**33.47**
Interest on income tax	3.14	1.60
Total	**51.00**	**35.07**

28. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2018-19	Year 2017-18
Depreciation of Property, plant and equipment (Refer note 2)	396.39	325.69
Amortisation of Intangible assets (Refer note 3)	34.28	34.78
Total	**430.67**	**360.47**

29(A). CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)(D) & 4(II)(A)	451.72	190.07	1,171.37	1,056.67
Investments in unquoted equity shares	4(I)(A)(b)(ii)	1.07	1.07	-	-
Forward exchange contract (net)	7	-	-	0.01	-
		452.79	**191.14**	**1,171.38**	**1,056.67**
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares #	4(I)(A)(a)	454.72	445.37	-	-
Investments in quoted debentures or bonds	4(I)(C)(a)	79.51	80.47	-	-
		534.23	**525.84**	**-**	**-**
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)B	*	*	-	-
Investments in unquoted debentures or bonds	4(I)(C)(b) & 4(II)(B)	1.20	1.17	3.16	-
Sundry deposits	5	78.58	81.44	15.47	12.70
Finance lease receivables	5	0.02	0.03	0.12	0.11
Trade receivables	6	6.09	6.43	1,907.33	1,730.63
Royalty receivable	7	-	-	0.79	0.32

Notes to the Consolidated Financial Statements

29(A). CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (Contd.)

(₹ in Crores)

	Refer note	Non-Current		Current	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Subsidy receivable from state government	7	220.64	87.79	154.54	239.42
Interest accrued on investments in debentures or bonds measured at FVTOCI	7	-	-	3.62	3.38
Quantity discount receivable	7	-	-	179.48	162.09
Bank deposits with more than 12 months of original maturity	7	-	56.90	177.78	166.05
Dues from associate company	7	-	-	5.21	4.97
Other receivables	7	-	3.75	4.54	4.55
Cash and Cash Equivalents	8 A	-	-	275.97	312.12
Other Bank Balances	7 & 8 B	6.15	2.84	168.91	92.53
		312.68	**240.35**	**2,896.92**	**2,728.87**
Financial liabilities measured at amortised cost					
Loan from State of Haryana	15	10.89	9.87	-	1.42
Sales tax deferment scheme - State of Maharashtra	15	0.26	0.44	0.17	0.20
Term loan from Bank	15	7.92	17.59	10.82	11.03
Finance lease liability	15	0.41	0.43	0.03	0.03
Loan repayable on demand - from banks / financial institutions	15 & 16	-	-	510.25	422.96
Loan repayable on demand - cash credit / overdraft accounts	15	-	-	86.28	69.46
Retention monies relating to capital expenditure	16	1.38	0.65	77.25	75.40
Payable towards capital expenditure	16	0.20	-	156.89	205.52
Payable towards services received	16	-	-	321.74	275.87
Payable towards stores spares and consumables	16	-	-	10.02	8.54
Payable to employees	16	-	-	198.30	142.84
Unpaid/unclaimed dividend	16	-	-	18.86	14.11
Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	16	-	-	-	0.04
Trade deposits from certain customers	16	1.59	2.19	0.07	1.56
Interest accrued but not due on borrowings	16	-	-	-	0.22
Payable towards other expenses	16	0.77	1.95	840.85	625.66
Trade payables (including Acceptances)	19	-	-	2,394.34	2,159.96
Others	16	-	0.20	16.44	1.29
		23.42	**33.32**	**4,642.31**	**4,016.11**

\# Investments in these equity instruments are not held for trading. Upon the application of Ind AS 109 - Financial Instruments, the Group has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and loss relating to these investments in the Consolidated Statement of Profit and Loss may not be indicative of the performance of the Group.

* ₹ 39,500 /-

Notes to the Consolidated Financial Statements

29(B). FAIR VALUE MEASUREMENTS

(i) The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

As at 31st March, 2019 (₹ in Crores)

Financial assets	Fair value	Fair value hierarchy		
	As at 31.03.2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer note 4(I)(A)(a))	454.72	454.72	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a))	79.51	79.51	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II) (A))	1,623.09	1,623.09	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(b)(ii))	1.07	-	-	1.07
Financial assets measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 7)	0.01	0.01	-	-

As at 31st March, 2018 (₹ in Crores)

Financial assets	Fair value	Fair value hierarchy		
	As at 31.03.2018	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer note 4(I)(A)(a))	445.37	445.37	-	-
Investments in quoted debentures or bonds (Refer note 4(I)(C)(a))	80.47	80.47	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II)(A))	1,246.74	1,246.74	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(b)(ii))	1.07	-	-	1.07

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Notes to the Consolidated Financial Statements

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cashflows and financial position of the Group.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting year and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31st March, 2019 would decrease/increase by ₹ 2.60 crores (Previous Year ₹ 2.73 crores).

b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group enters into forward exchange contracts with average maturity of less than one month to hedge against its foreign currency exposures relating to the recognised underlying liabilities and firm commitments (trade payables). The Group's policy is to hedge its exposures above predefined thresholds from recognised liabilities and firm commitments that fall due in 20-30 days. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

(₹ in Crores)

Currency	Liabilities		Assets	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
USD	563.25	626.95	156.82	264.63
EUR	94.75	79.08	9.30	107.15
GBP	7.54	6.72	3.44	3.20
SEK	0.08	0.05	-	-
SGD	0.33	0.74	0.02	0.86
JPY	14.18	-	-	3.52
AED	15.97	25.00	56.85	53.11
Others	0.82	0.41	28.31	8.67

Notes to the Consolidated Financial Statements

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (Contd.)

b) Foreign Currency Risk (Contd.)

The above table represents total exposure of the Company towards foreign exchange denominated liabilities (net). Out of the above, details of exposures hedged using forward exchange contracts are given below:

Currency	Number of Contracts	Buy Amount	Indian Rupee Equivalent
		(USD in mn.)	(₹ in Crores)
Forward contract to buy USD - As at 31.03.2019	25.00	19.61	135.84
Forward contract to buy USD - As at 31.03.2018	-	-	-

(₹ in Crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2018-19	Year 2017-18	As at 31.03.2019	As at 31.03.2018
5%	(14.63)	(13.04)	(14.63)	(13.04)
(5%)	14.63	13.04	14.63	13.04

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Parent Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2019, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 454.72 crores (Previous year ₹ 445.37 crores). The details of such investments in equity instruments are given in Note 4 (I)(A)(a).

The Parent Company is also exposed to price risk arising from investments in bonds recognised at FVTOCI. As at 31st March, 2019, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 79.51 crores (Previous year ₹ 80.47 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 4 (I)(C)(a).

The Parent Company is mainly exposed to change in market rates of its investments in equity investments recognised at FVTOCI. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2019, other comprehensive income for the year ended 31st March, 2019 would increase/decrease by ₹ 40.18 crores and 45.47 crores (2017-18: ₹ 41.27 crores and ₹ 44.54 crores respectively) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2019. 10% represents management's assessment of reasonably possible change in equity prices.

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. The Group's exposure to credit risk is disclosed in Note 4 (except equity shares and bonds), 5, 6, 7 and 8B. The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

The average credit period on sales of products and services is a maximum of 210 days. Credit risk arising from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and accordingly individual credit limits are defined. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

29(C). FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES (Contd.)

2) Credit Risk (Contd.)

For trade receivables, as a practical expedient, the Group companies compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period for the Parent Company is as follows:

Net Outstanding > 365 days	% Collection to gross outstanding in current year	Credit loss allowance
Yes	< 25%	Yes, to the extent of lifetime expected credit losses outstanding as at reporting date.
Yes	> 25%	Yes, to the extent of lifetime expected credit losses pertaining to balances outstanding for more than one year.

(₹ in Crores)

Movement in expected credit loss allowance on trade receivables	2018-19	2017-18
Balance at the beginning of the year	89.13	86.64
Loss allowance measured at lifetime expected credit losses	31.59	2.49
Balance at the end of the year	**120.72**	**89.13**

3) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by having adequate amount of credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Crores)

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
At 31st March, 2019					
Borrowings (Refer note 15)	596.53	22.39	-	618.92	616.01
Trade Payables (Refer note 19)	2,394.34	-	-	2,394.34	2,394.34
Other financial liabilities (Refer note 16)	1,651.44	3.94	-	1,655.38	1,655.38
At 31st March, 2018					
Borrowings (Refer note 15)	492.42	32.26	-	524.68	520.75
Trade Payables (Refer note 19)	2,159.96	-	-	2,159.96	2,159.96
Other financial liabilities (Refer note 16)	1,363.73	4.99	-	1,368.72	1,368.72

Notes to the Consolidated Financial Statements

29(D). CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 15 and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as presented in the statements of changes in equity.

Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

30. DIVIDEND

(₹ in Crores)

	Year 2018-19	Year 2017-18
Dividend on equity shares paid during the year		
Final dividend for the FY 2017-18 [₹ 6.05 (Previous year ₹ 7.65*) per equity share of ₹ 1 each]	580.31	733.79
Dividend distribution tax on final dividend	118.80	147.89
Interim dividend for the FY 2018-19 [₹ 2.85 (Previous year ₹ 2.65) per equity share of ₹ 1 each]	273.37	254.19
Dividend distribution tax on interim dividend	54.70	51.55
	1,027.18	**1,187.42**

Proposed Dividend:

The Board of Directors at its meeting held on 09th May, 2019 have recommended a payment of final dividend of ₹ 7.65 (Rupees seven and Paise sixty five only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2019. The same amounts to ₹ 884.62 crores including dividend distribution tax of ₹ 150.83 crores.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

* Includes special dividend of ₹ 2 per share declared on occasion of completion of 75 years of the Company.

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS

a) Acquisition of additional stake in Sleek International Private Limited

During the previous year on 11th December, 2017, the Parent Company purchased balance stake of 49% from the non-controlling shareholders of Sleek International Private Limited ('Sleek'), subsidiary of the Company, for a consideration (including transaction cost) of ₹ 50.13 crores. The carrying value of net asset attributable to non-controlling shareholders is ₹ 34.41 crores on the acquisition date. The difference between consideration paid and net asset has been recognised as non-controlling interest reserve. Sleek has since then become a wholly owned subsidiary of the Company.

b) Acquisition of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited

During the previous year on 12th December, 2017, the Company had acquired 100% stake in Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'). Reno owns land in Mumbai which the Company intends to use for meeting its growing infrastructure requirements. The total consideration transferred in cash (including direct cost incurred for acquisition of shares) is ₹ 161.42 crores.

c) Discontinued operations

During the previous year on 16th June, 2017, Asian Paints International Private Limited, Singapore ('APIPL') (formerly known as Berger International Private Limited), subsidiary of the Company entered into a Share Purchase Agreement with ANSA Coatings International Limited, St. Lucia for divestment of its entire stake in Lewis Berger (Overseas Holdings) Limited, UK ('LBOH'). LBOH was the holding company for three subsidiaries in the Caribbean region viz., Berger Paints Barbados Limited, Berger Paints Jamaica Limited and Berger Paints Trinidad Limited.

Notes to the Consolidated Financial Statements

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS (Contd.)

c) Discontinued operations (Contd.)

The said transaction was concluded on 24th July, 2017 and profit or loss of discontinued operation and the resultant gain on disposal has been included in the Consolidated Financial Statements as profit from discontinued operations for year ended 31st March, 2018.

Analysis of profit for the year from discontinued operations:

The results of the discontinued operations included in the profit for the year ended 31st March, 2018 are as set below:

(₹ in Crores)

Particulars	Year 2017-18
Revenue	43.43
Expenses	40.31
Profit before tax from discontinued operations	**3.12**
Tax expense of discontinued operations	0.59
Profit after tax from discontinued operations (A)	**2.53**
Gain on disposal of LBOH (net of tax) (B)	67.47
Profit after tax from discontinued operations (A+B)	**70.00**
Profit after tax from discontinued operations attributable to Owners of the Company	69.69
Amount reclassified from other comprehensive income and included in gain on disposal	
Exchange difference loss arising on translation of foreign operations	23.85

(₹ in Crores)

Analysis of cash flow from discontinued operations	Year 2017-18
Net cash (outflow) from operating activities	(2.13)
Net cash (outflow) from investing activities	(1.07)
Net cash (outflow) from financing activities	(1.48)

Computation of gain of disposal of LBOH	Year 2017-18
Cash consideration received	182.22
Less: Carrying value of net asset sold (net of non-controlling interest)	90.90
Less: Exchange difference arising on translation of foreign operations	23.85
Gain on disposal	**67.47**

Notes to the Consolidated Financial Statements

31. ACQUISITIONS, INVESTMENTS AND DIVESTMENTS (Contd.)

c) Discontinued operations (Contd.)

(₹ in Crores)

Carrying amount of LBOH's assets and liabilities disposed:	24th July 2017
Property, plant and equipment	30.71
Non-current assets	5.38
Current assets	
Inventories	46.39
Trade receivables	36.57
Cash and bank balances	41.54
Other assets	2.85
Total assets	**163.44**
Deferred tax liabilities	1.23
Current Liabilities	
Trade payables and other liabilities	30.00
Bank loans and overdrafts	9.49
Total Liabilities	**40.72**
Net assets derecognized	**122.72**

(₹ in Crores)

Net cash inflow from LBOH	24th July 2017
Cash consideration received	182.22
Less: Cash and cash equivalents disposed of	41.54
Net cash inflow from LBOH	**140.68**

d) Acquisition of Causeway Paints Lanka (Private) Limited

During the previous year on 3rd April, 2017, Asian Paints International Private Limited ('APIPL'), Singapore, a wholly owned subsidiary of the Company had acquired 100% stake in Causeway Paints Lanka (Private) Limited ('CPLPL'). CPLPL is engaged in manufacturing, selling and distribution of paint and related products in Sri Lanka. The acquisition was made to increase the Group's base in Sri Lanka.

32. EMPLOYEE BENEFITS

1) Post-employment benefits :

The group has the following post-employment benefit plans:

a) Defined benefit gratuity plan

The Parent and Indian subsidiaries operate defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund or a financial institution. It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. In case of the Parent, the fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. In case of Indian subsidiaries, the fund is managed by Life Insurance Corporation (LIC) and every year the required contribution amount is paid to LIC.

As the plan assets include significant investments in quoted debt and equity instruments the Parent is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Fair value of the Parent's own transferable financial instruments held as plan assets: NIL

b) Defined benefit pension plan

The Parent operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors. Certain overseas subsidiaries also operate defined benefit plans for

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

b) Defined benefit pension plan (Contd.)

their pensioners. These plans are salary defined benefit plans and are fully funded. The assets of the fund are held separately from those of the subsidiaries in an independently administered fund. The plans are funded by payments from employees and the subsidiaries based on the recommendations of independent qualified actuaries.

c) Defined benefit post-retirement medical benefit plan

The Parent and certain overseas subsidiaries operate a defined post retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

d) Leaving Indemnity plan

Certain overseas subsidiaries provide Leaving Indemnity plan benefits based on last drawn basic salary at the time of separation in accordance with the local labour laws.

Asset-Liability Matching (for gratuity and pension plan-funded)

Each year, the Board of Trustees and the Parent review the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Parent decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of sovereign debt instruments, debt instruments of Corporates and equity instruments. The Parent company aims to keep annual contributions relatively stable at a level such that no significant plan deficits (based on valuation performed) will arise.

Every two years an Asset-Liability Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability mismatch. There has been no change in the process used by the Parent to manage its risks from prior periods.

For overseas subsidiaries, pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. Investments are reviewed on a periodical basis after taking into account the expected payments and contributions to the fund to ensure liquidity to ensure the funds are able to pay pensioners as and when they are due.

Aforesaid post-employment benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	These plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa. A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.
Longevity Risk	The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.

Actuarial Valuation

The above mentioned plans are valued by independent actuaries using the Projected Unit Credit Method. The information that follows is extracted from the actuarial reports of the subsidiaries. The independent actuaries who carried out the actuarial valuations as at 31st March, 2019 are as follows: -

1. TransValue Consultants
2. Padma Radya Aktuaria
3. Actuarial & Management Consultants (Pvt) Limited
4. Aon Consulting Private Ltd

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

The following tables summarise the components of net defined benefit expense recognised in the Consolidated Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		Gratuity and Pension (Funded)		Pension, Leaving Indemnity, Gratuity and Medical Plan (Unfunded)	
		As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
(i)	**Opening defined benefit obligation**	**168.92**	**276.93**	**25.02**	**27.39**
(ii)	Obligation on acquisitions of a subsidiary	-	-	-	2.98
(iii)	Obligation on disposals of a subsidiary	-	(112.34)	-	(7.17)
(iv)	Current service cost	9.85	13.09	3.26	2.78
(v)	Interest cost	12.89	11.90	1.91	1.78
(vi)	Past Service Cost	1.82	4.47	-	-
(vii)	**Sub-total included in statement of profit and loss (iv+v+vi)**	**24.56**	**29.46**	**5.17**	**4.56**
(viii)	Experience adjustment (gain) / loss	5.56	(2.94)	(0.82)	0.14
(ix)	Financial (gain) / loss	0.10	(7.62)	(0.66)	(0.97)
(x)	Demographic (gain) / loss	1.14	(3.29)	(0.05)	0.01
(xi)	**Sub-total included in other comprehensive income (viii+ix+x)**	**6.80**	**(13.85)**	**(1.53)**	**(0.82)**
(xii)	Benefits paid	(21.88)	(11.34)	(1.61)	(1.50)
(xiii)	Annuities purchased	-	-	-	-
(xiv)	Exchange difference on Foreign Plans	(0.05)	0.06	0.76	(0.42)
(xv)	Member Contributions	-	-	-	-
(xvi)	**Closing defined benefit obligation (i+ii+iii+vii+xi+xii+xiii+xiv+xv)**	**178.35**	**168.92**	**27.81**	**25.02**
(xvii)	**Opening fair value of plan assets**	**169.25**	**294.34**	**-**	**-**
(xviii)	Obligation on acquisitions of a subsidiary	-	-	-	-
(xix)	Obligation on disposals of a subsidiary	-	(124.80)	-	-
(xx)	Administration expenses paid	(0.04)	(0.03)	-	-
(xxi)	Expected return on plan assets	13.08	12.10	-	-
(xxii)	**Sub-total included in statement of profit and loss (xx+xxi)**	**13.04**	**12.07**	**-**	**-**
(xxiii)	Actuarial gains	(6.04)	(1.50)	-	-
(xxiv)	**Sub-total included in other comprehensive income (xxiii)**	**(6.04)**	**(1.50)**	**-**	**-**
(xxv)	Contributions by employer	6.99	0.37	-	-
(xxvi)	Annuities purchased	-	-	-	-
(xxvii)	Exchange difference on Foreign Plans	(0.04)	0.11	-	-
(xxviii)	Member contributions	-	-	-	-
(xxix)	Benefits paid	(21.88)	(11.34)	-	-
(xxx)	Closing unrecognised asset due to asset ceiling	-	-	-	-
(xxxi)	**Closing fair value of plan assets (xvii+ xviii+ xix+ xxii+ xxiv+ xxv+ xxvi+ xxvii + xxviii + xix + xxx)**	**161.32**	**169.25**	**-**	**-**
	Expense recognised in:				
(xxxii)	**Statement of profit and loss (vii-xxii)**	**11.52**	**17.39**	**5.17**	**4.56**
(xxxiii)	**Statement of other comprehensive income (xi-xxiv)**	**12.84**	**(12.35)**	**(1.53)**	**(0.82)**

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in Crores)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Government of India Securities (Central and State)	92.26	89.21
High quality corporate bonds (including Public Sector Bonds)	55.60	64.51
Equity instruments	5.31	4.76
Insurer Managed Funds & T-bills	-	4.79
Cash (including Bank Balance, Special Deposit Scheme)	0.44	0.02
Others	2.77	5.95

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group plans are shown below:

	Gratuity and Pension (Funded)		Pension, Leaving Indemnity, Gratuity and Medical Plan (Unfunded)	
	As at 31-Mar-2019	As at 31-Mar-2018	As at 31-Mar-2019	As at 31-Mar-2018
Discount Rate	7.4% to 7.7%	7.7 % to 8.5 %	4.5 % to 11%	4.5 % to 10.5 %
Salary Escalation Rate	8% to 10%	8% to 12 %	4.5 % to 11%	4.5 % to 11 %

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Crores)

	Defined Benefits Plan		Leaving Indemnity Plan and Retiree Medical Plan	
	As at 31.03.2019	As at 3.03.2018	As at 31.03.2019#	As at 3.03.2018
Defined Benefit Obligation - Discount Rate + 100 basis points	(12.71)	(12.24)	(0.28)	(1.76)
Defined Benefit Obligation - Discount Rate - 100 basis points	13.49	12.97	0.29	1.94
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	12.29	11.68	-	1.58
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(11.70)	(11.40)	-	(1.42)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The average duration of the defined benefit plan obligation at the end of the reporting period ranges from 10.24 years to 12.41 years (31st March, 2018: 10.57 years to 12.39 years).

The Group expects to make a contribution of ₹ 31.45 crores (Previous year ₹ 13.12 crores) to the defined benefit plans during the next financial years.

Sensitivity analysis does not include impact of overseas subsidiaries as the same is not material.

Notes to the Consolidated Financial Statements

32. EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

e) Provident Fund

The provident fund assets and liabilities of the Parent Company is managed by its provident fund trusts. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Parent or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2019.

The details of benefit obligation and plan assets of the provident funds as at 31st March, 2019 is as given below:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018
Present value of benefit obligation at period end	513.94	461.80
Plan assets at period end, at fair value, restricted to asset recognized in balance sheet	513.94	461.80

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

Particulars	As at 31.03.2019	As at 31.03.2018
Discounting Rate	7.57%	7.81%
Expected Guaranteed interest rate	8.65%*	8.55%

* Rate mandated by EPFO for the FY 2018-19 and the same is used for valuation purpose.

2) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2019 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 10.32 crores (Previous year ₹ 7.65 crores)

Financial Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Discount Rate	4.5% to 11%	4.5 % to 10.5 %
Basic salary increases allowing for Price inflation	All Grades- 9% for first 3 years 8% thereafter	All Grades- 9% for first 2 years 8% thereafter

Demographic Assumptions

Particulars	As at 31.03.2019	As at 31.03.2018
Employee Turnover	1.8% to 30%	1.8% to 30%
Leave Availment Ratio	2% to 5%	2% to 5%

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019

a) Key Managerial Personnel:

Name of the Director	Designation
Shri K. B. S. Anand	Managing Director & CEO
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs
Non-Executive Directors	
Late Shri. Ashwin Choksi (upto 19th September 2018)	Shri. Deepak Satwalekar
Shri. Ashwin Dani	Dr. S. Sivaram
Shri. Abhay Vakil	Shri. Mahendra Shah (upto 31st March, 2019)
Shri. Mahendra Choksi (upto 31st March, 2019)	Shri. S. Ramadorai (upto 31st March, 2019)
Shri. Malav Dani	Shri. M.K. Sharma
Ms. Amrita Vakil	Mrs. Vibha Paul Rishi
Shri. Manish Choksi (w.e.f. 22nd October, 2018)	Shri. R Seshasayee

b) Close family members of Key Managerial Personnel who are under the employment of the Company:

Shri. Manish Choksi*

Shri. Varun Vakil

* The Board of Directors of the Company at their meeting held on 22nd October, 2018 approved the appointment of Mr. Manish Choksi as a Non-Executive Director, effective immediately. In view of this, Mr. Manish Choksi has stepped down as the President - International, IT, HR and Chemicals.

c) Entities where Directors/Close family members of Directors having control/significant influence:

c.1. Entities where Directors/Close family members of Directors of Parent Company having control/significant influence:

Asteroids Trading And Investments Pvt Ltd	Hitech Corporation Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
Addverb Technologies Pvt Ltd *	Hitech Specialities Solutions Ltd.	Resins And Plastics Ltd.
ARI Designs LLP	Jalaj Trading And Investment Company Pvt. Ltd.	Ricinash Oil Mill Ltd.
Castle Investment & Industries Pvt. Ltd.	Jaldhar Investments And Trading Company Pvt. Ltd	Rupen Investment And Industries Pvt. Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Parekh Plast India Ltd.	Satyadharma Investments And Trading Company Pvt Ltd.
Dani Charitable Foundation	Lambodar Investments And Trading Company Ltd.	Sattva Holding and Trading Pvt. Ltd.
Dani Finlease Ltd.	Lyon Investment And Industries Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Doli Trading And Investments Pvt. Ltd.	Murahar Investments And Trading Company Ltd.	Sudhanva Investments And Trading Company Pvt.Ltd.
Elcid Investments Ltd.	Navbharat Packaging Industries Ltd.	Suptaswar Investments And Trading Company Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Nehal Trading And Investments Pvt. Ltd.	Tru Trading And Investments Pvt. Ltd.
Geetanjali Trading And Investments Pvt. Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Unnati Trading And Investments Pvt. Ltd.
Gujarat Organics Ltd.	Piramal Swasthya Management and Research Institute ^	Vikatmev Containers Ltd.
Hiren Holdings Pvt. Ltd.	Pragati Chemicals Ltd.	

* w.e.f. 12th February, 2018

^ w.e.f. 28th March, 2018

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

c.2. Entities where Key Managerial Personnel of Group companies exercise significant influence/control :

ASAMCO Trading & Industry Plc

Monesh T Ahuja*

* Upto 11th December, 2017

d) Other entities where significant influence exist :

i) Post employment-benefit plan entity:

Asian Paints (India) Limited Employees' Gratuity Fund

ii) Others :

Asian Paints Office Provident Fund (Employee benefit plan)

Asian Paints Factory Employees' Provident Fund (Employee benefit plan)

Asian Paints Management Cadres' Superannuation Scheme (Employee benefit plan)

e) Associates :

PPG Asian Paints Private Limited

Wholly owned subsidiaries of PPG Asian Paints Private Limited:

a) Revocoat India Private Limited

b) PPG Asian Paints Lanka Private Limited

f) Details of related party transactions during the year ended 31st March, 2019:

(₹ in Crores)

Particulars	Associates		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other entities where significant influence exist	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue from sale of products	18.40	15.84	-	-	-	-	0.28	12.30	-	-
Processing of goods (Income)	19.69	23.62	-	-	-	-	-	-	-	-
Royalty income	3.78	3.94	-	-	-	-	-	-	-	-
Other non operating income	11.28	10.99	-	-	-	-	-	-	-	-
Other services – Paid	-	-	-	-	-	-	0.03	0.04	-	-
Reimbursement of expenses - received	0.33	0.24	-	-	-	-	-	-	-	-
Purchase of goods	0.23	0.17	-	-	-	-	537.55	434.77	-	-
Purchase of assets	-	-	-	-	-	-	3.73	0.44	-	-
Remuneration	-	-	16.91	14.43	3.25	4.49	-	-	-	-
Retiral benefits	-	-	0.18	0.21	3.50	2.32	-	-	-	-
Commission to Non-executive Directors	-	-	3.97	3.90	-	-	-	-	-	-
Sitting Fees Paid to Non-executive Directors	-	-	0.68	0.71	-	-	-	-	-	-

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

f) Details of related party transactions during the year ended 31st March, 2019: (Contd.)

(₹ in Crores)

Particulars	Associates		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other entities where significant influence exist	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Reimbursement of Expenses - paid	0.12	1.81	-	-	-	-	-	-	-	-
Dividend Paid	-	-	35.75	40.59	54.91	64.68	360.02	416.30	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	96.06	57.58
Advance given	-	-	-	-	-	-	-	0.88	-	-
Sale of assets	0.27	-	-	-	-	-	-	-	-	-
Corporate Social Responsibility Expenses	-	-	-	-	-	-	3.17	-		
Others	0.45	-	-	-	-	-	-	-		
Outstanding as at 31st March										
Advances	-	-	-	-	-	-	-	0.73	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	8.92	8.30	-	-	-	-	#	1.79	-	-
Trade and other payables	0.50	0.20	9.22	8.40	-	-	6.20	24.58	29.14	5.09

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors- Current year - ₹ 37,858/-

Terms and conditions of transactions with related parties

1. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and will be settled in cash. There have been no guarantees received or provided for any related party receivables or payables.

Compensation of key managerial personnel of the Parent Company:

(₹ in Crores)

	2018-19	2017-18
Short-term employee benefits	21.56	19.04
Post-employment benefits	0.18	0.21
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total compensation paid to key managerial personnel	**21.74**	**19.25**

Notes to the Consolidated Financial Statements

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Disclosure in respect of significant transactions of the same type with related parties during the year:

(₹ in Crores)

	2018-19	2017-18
Revenue from sale of products		
PPG Asian Paints Private Limited	18.40	15.27
Others	0.28	12.87
	18.68	**28.14**
Processing of Goods (Income)		
PPG Asian Paints Private Limited	19.69	23.62
	19.69	**23.62**
Royalty Income		
PPG Asian Paints Private Limited	3.78	3.94
	3.78	**3.94**
Other non operating income		
PPG Asian Paints Private Limited	11.11	10.84
Others	0.17	0.15
	11.28	**10.99**
Other Services Paid		
ARI Designs LLP	0.03	0.04
	0.03	**0.04**
Reimbursement of Expenses – Received		
PPG Asian Paints Private Limited	0.33	0.24
	0.33	**0.24**
Purchase of Goods		
Hitech Corporation Ltd	341.91	266.69
Parekhplast India Limited	122.90	109.90
Others	72.97	58.35
	537.78	**434.94**
Purchase of Assets		
Addverb Technologies Pvt Ltd	3.73	0.44
	3.73	**0.44**
Remuneration		
Shri. K.B.S. Anand	11.81	10.57
Shri. Jayesh Merchant	5.10	3.85
Shri. Manish Choksi	2.80	3.48
Shri. Jalaj Dani	-	0.60
Others	0.45	0.42
	20.16	**18.92**
Retiral Benefits		
Shri. Manish Choksi	3.50	-
Shri. Jalaj Dani	-	2.32
Late Shri. Ashwin Choksi	0.03	0.07
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.08	0.07
	3.68	**2.53**

33. INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Disclosure in respect of significant transactions of the same type with related parties during the year:(Contd.)

(₹ in Crores)

	2018-19	2017-18
Commission to Non Executive Directors		
Shri. Mahendra Choksi	0.28	0.28
Late Shri. Ashwin Choksi	0.18	0.36
Shri. Ashwin Dani	0.35	0.32
Shri. Abhay Vakil	0.28	0.28
Shri. Malav Dani	0.30	0.30
Ms. Amrita Amar Vakil	0.28	0.28
Others	2.30	2.08
	3.97	**3.90**
Sitting Fees Paid to Non Executive Directors		
Shri. M K Sharma	0.08	0.08
Shri. Mahendra Shah	0.07	0.06
Shri. Abhay Vakil	0.07	0.07
Others	0.46	0.50
	0.68	**0.71**
Reimbursement of Expenses – Paid		
PPG Asian Paints Private Limited	0.12	1.73
Others	-	0.08
	0.12	**1.81**
Dividend Paid		
Smiti Holding And Trading Company Private Limited	48.13	55.71
Sattva Holding and Trading Private Limited	47.07	54.47
Others	355.48	411.39
	450.68	**521.57**
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	51.43	33.28
Asian Paints Factory Employees Provident Fund	35.43	21.83
Asian Paints Management Cadres Superannuation Scheme	2.20	2.47
Asian Paints (India) Limited Employees' Gratuity Fund	7.00	-
	96.06	**57.58**
Advance given		
Addverb Technologies Private Limited	-	0.88
	-	**0.88**
Sale of Assets		
PPG Asian Paints Private Limited	0.27	-
	0.27	**-**
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	3.17	-
	3.17	**-**
Others		
PPG Asian Paints Private Limited	0.45	-
	0.45	**-**

Notes to the Consolidated Financial Statements

34. INVESTMENT IN AN ASSOCIATE

The Group has a 50% interest in PPG Asian Paints Private Limited, which is involved in the manufacture of original equipment manufacturer coatings. PPG Asian Paints Private Limited is a private entity that is not listed on any public exchange. The Group's interest in PPG Asian Paints Private Limited is accounted for using the equity method in the Consolidated Financial Statements. The following table illustrates the summarised financial information of the Group's investment in PPG Asian Paints Private Limited:

(₹ in Crores)

	As at 31.03.2019	**As at 31.03.2018**
Current Assets	734.46	731.10
Non-current Assets	405.77	291.78
Current Liabilities	(307.28)	(269.01)
Non-current Liabilities	(19.07)	(22.10)
Equity	**813.88**	**731.77**
Proportion of the Group's ownership interest	50%	50%
Carrying amount of the Group's interest	406.94	365.88

(₹ in Crores)

	Year 2018-19	**Year 2017-18**
Revenue	1,350.75	1,298.10
Cost of raw material and components consumed	(899.04)	(819.89)
Depreciation & amortization	(16.63)	(15.80)
Finance cost	(0.01)	(0.04)
Employee benefit	(98.34)	(93.25)
Other expenses	(220.87)	(219.40)
Profit before tax	**115.86**	**149.72**
Income tax expense	(34.22)	(58.13)
Profit for the year	**81.64**	**91.59**
Group's share of profit for the year	**40.82**	**45.79**
Group's share of other comprehensive income for the year	**0.24**	**0.26**
Group's total comprehensive income for the year	**41.06**	**46.05**

The associate had the following contingent liabilities and capital commitments:

(₹ in Crores)

	As at 31.03.2019	**As at 31.03.2018**
Contingent liabilities:		
Indirect tax demands disputed in appeals	19.42	30.24
Direct Tax demand disputed in appeals	79.44	55.81
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	44.30	73.26

Notes to the Consolidated Financial Statements

35. SEGMENT REPORTING

Basis of Segmentation:

Factors used to identify the reportable segments:

The Group has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes.

Reportable Segment	Operations
Paints	Buying and Manufacturing of Paints and related services
Home Improvement	Buying and Manufacturing of Kitchen products along with related services and Bath Fitting products along with related services

Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

The measurement principles of segments are consistent with those used in Significant Accounting Policies. Inter-segment transactions are determined on an arm's length basis.

(₹ in Crores)

	2018-19			2017-18		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
A. Segment Revenue	18,933.36	416.48	**19,349.84**	16,927.18	335.05	**17,262.23**
B. Segment Result	3,567.19	(53.18)	**3,514.01**	3,260.51	(31.95)	**3,228.56**
C. Specified Amounts Included in Segment Results						
Depreciation and amortisation	371.16	6.36	377.52	306.24	6.56	312.80
Interest income	15.77	0.02	15.79	14.56	0.10	14.66
Net foreign exchange loss	4.67	(0.08)	4.59	10.92	(0.37)	10.55
Finance costs	41.69	4.41	46.10	30.53	2.82	33.35
Dividend income	1.20	-	1.20	1.20	-	1.20
Share of profit of associate	40.82	-	40.82	45.79	-	45.79
D. Reconciliation of Segment Result with Profit after Tax						
Segment Result	3,567.19	(53.18)	3,514.01	3,260.51	(31.95)	3,228.56
Add/(Less):						
Interest income			23.70			24.83
Depreciation and amortisation			(53.15)			(47.67)
Net foreign exchange (loss)/gain			(1.40)			40.32
Dividend received			38.49			36.56
Net gain arising on financial assets measured at FVTPL			52.76			54.33
Finance costs			(4.90)			(1.72)
Income taxes			(1,098.82)			(1,040.96)
Other Un-allocable Expenses net of Un-allocable Income			(258.78)			(266.73)
Profit from Continuing Operation after Tax as per Statement of Profit and Loss			**2,211.91**			**2,027.52**

Notes to the Consolidated Financial Statements

35. SEGMENT REPORTING (Contd.)

(₹ in Crores)

	31.03.2019			31.03.2018		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
Other Information						
Segment assets	12,300.57	347.73	12,648.30	10,871.21	302.77	11,173.98
Un-allocable assets			3,013.03			2,609.10
Total assets			**15,661.33**			**13,783.08**
Segment liabilities	4,978.95	206.12	5,185.07	4,485.80	133.97	4,619.77
Un-allocable liabilities			593.52			425.43
Total liabilities			**5,778.59**			**5,045.20**
Capital expenditure	1,279.93	8.58	1,288.51	1,762.77	4.78	1,767.55
Un-allocable capital expenditure			65.78			68.09
Total			**1,354.29**			**1,835.64**

(₹ in Crores)

Revenue from External Customers	2018-19	2017-18
Domestic Operations	17,016.04	15,080.42
International Operations	2,333.80	2,181.81
Total	**19,349.84**	**17,262.23**

(₹ in Crores)

Segment Non Current Assets*	31.03.2019	31.03.2018
Domestic Operations	5,320.53	4,572.11
International Operations	972.07	954.08
Total	**6,292.60**	**5,526.19**

* Non Current Assets are excluding financial instruments, deferred tax assets and post-employment benefit assets.

Reconciliation between Segment Revenue and Revenue from Contracts with Customers

(₹ in Crores)

	2018-19			2017-18		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
Revenue from sale of products (including excise duty)	18,685.29	405.92	19,091.21	16,635.87	327.48	16,963.35
Revenue from sale of services	74.67	6.12	80.79	70.10	4.81	74.91
Other operating revenues	173.40	4.44	177.84	221.21	2.76	223.97
Revenue from operations (Refer note 22A)	**18,933.36**	**416.48**	**19,349.84**	**16,927.18**	**335.05**	**17,262.23**
Adjustments :						
Add : Items not part of Revenue from operations						
i) Royalty received						
- From Associate	3.34	-	3.34	3.44	-	3.44
- from others	0.28	-	0.28	0.32	-	0.32
Less : Items not part of Revenue from contract with customer (Other operating income)						
i) Lease rent	2.18	-	2.18	0.93	-	0.93
ii) Subsidy from government	133.41	-	133.41	162.36	-	162.36
Revenue from contracts with customers (Refer note 22B)	**18,801.39**	**416.48**	**19,217.87**	**16,767.65**	**335.05**	**17,102.70**

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 :

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	89.8	8,886.85	96.3	2,127.38	133.9	(18.18)	96.0	2,109.20
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.1	7.51	-	(0.41)	0.5	(0.07)	-	(0.48)
Maxbhumi Developers Limited	-	(1.89)	-	0.28	-	-	-	0.28
Sleek International Private Limited	(0.6)	(59.63)	(1.0)	(22.82)	0.8	(0.11)	(1.0)	(22.93)
Asian Paints PPG Private Limited	0.3	33.50	0.1	1.54	-	-	0.1	1.54
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	-	(0.66)	-	(0.51)	-	-	-	(0.51)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	1.0	95.54	1.2	25.62	-	-	1.2	25.62
Asian Paints International Private Limited (fomerly known as Berger International Private Limited)	3.7	362.07	(1.9)	(42.83)	-	-	(1.9)	(42.83)
Indirect Subsidiaries								
Samoa Paints Limited	-	0.31	-	0.74	-	-	-	0.74
Asian Paints (South Pacific) Pte Limited	0.4	35.46	0.3	7.67	-	-	0.3	7.67
Asian Paints (Tonga) Limited	-	(0.41)	(0.1)	(1.13)	-	-	(0.1)	(1.13)
Asian Paints (S I) Limited	-	4.94	0.1	3.02	-	-	0.1	3.02
Asian Paints (Vanuatu) Limited	-	0.31	-	1.10	-	-	0.1	1.10
Asian Paints (Middle East) LLC	0.4	37.76	0.2	5.06	(0.1)	0.01	0.2	5.07
Asian Paints (Bangladesh) Limited	0.1	8.45	(0.7)	(15.86)	1.8	(0.25)	(0.7)	(16.11)
SCIB Chemicals S.A.E.	0.4	41.59	0.3	6.37	-	-	0.3	6.37
Asian Paints (Lanka) Limited	-	(4.73)	-	1.06	(0.8)	0.11	0.1	1.17
Berger Paints Singapore Pte Limited	(0.8)	(82.39)	(0.4)	(7.97)	-	-	(0.4)	(7.97)
Berger Paints Bahrain W.L.L.	0.4	37.13	0.9	19.83	(1.3)	0.17	0.9	20.00
Berger Paints Emirates LLC	0.8	81.04	0.1	2.32	(3.3)	0.45	0.1	2.77
Nirvana Investments Limited	-	2.19	-	-	-	-	-	-
Enterprise Paints Limited	(0.2)	(20.29)	-	-	-	-	-	-
Universal Paints Limited	-	3.75	1.0	22.44	-	-	1.0	22.44
Lewis Berger (Overseas Holdings) Limited	-	-	-	-	-	-	-	-
Berger Paints Jamaica Limited	-	-	-	-	-	-	-	-
Berger Paints Trinidad Limited	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 : (Contd.)

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2018-19		2018-19		2018-19		2018-19	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Berger Paints Barbados Limited	-	-	-	-	-	-	-	-
Kadisco Paint and Adhesive Industry Share Company	(0.2)	(21.21)	0.6	12.67	(1.5)	0.20	0.6	12.87
PT Asian Paints Indonesia	(1.1)	(107.76)	(2.2)	(48.32)	(0.4)	0.05	(2.2)	(48.27)
PT Asian Paints Color Indonesia	(0.1)	(13.74)	-	(0.65)	-	-	-	(0.65)
Causeway Paints Lanka (Private) Limited	(0.7)	(64.64)	1.4	31.68	(0.7)	0.09	1.4	31.77
Minority Interests in all subsidiaries	3.7	363.05	2.4	52.42	(68.0)	9.25	2.8	61.67
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	2.6	258.64	1.4	31.21	(1.8)	0.24	1.4	31.45
Foreign Currency Translation Reserve (FCTR)	-	-	-	-	40.9	(5.56)	(0.3)	(5.56)
Total	**100.0**	**9,882.74**	**100.0**	**2,211.91**	**100.0**	**(13.60)**	**100.0**	**2,198.31**

Note : The above figures are after eliminating intra group transcations and intra group balances as at 31st March, 2019.

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2017-18		2017-18		2017-18		2017-18	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Parent Company								
Asian Paints Limited	89.3	7,797.71	90.6	1,900.95	11.4	(3.97)	91.8	1,896.98
Indian Subsidiaries								
Direct Subsidiaries								
Asian Paints Industrial Coatings Limited	0.1	7.99	-	(0.42)	(0.1)	0.02	-	(0.40)
Maxbhumi Developers Limited	-	(2.17)	-	(0.45)	-	-	-	(0.45)
Sleek International Private Limited	(0.4)	(36.69)	(0.4)	(7.86)	-	(0.01)	(0.4)	(7.87)
Asian Paints PPG Private Limited	0.4	31.96	0.2	4.27	(0.2)	0.08	0.2	4.35
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	-	(0.15)	-	(0.15)	-	-	-	(0.15)
Foreign Subsidiaries								
Direct Subsidiaries								
Asian Paints (Nepal) Private Limited	0.9	76.50	1.2	24.47	0.4	(0.13)	1.2	24.34

Notes to the Consolidated Financial Statements

36. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT COMPANY, SUBSIDIARIES AND ASSOCIATES AS PER SCHEDULE III OF COMPANIES ACT, 2013 : (Contd.)

(₹ in Crores)

Name of the Company	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		OCI		TCI	
	2017-18		2017-18		2017-18		2017-18	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/(Loss)	As % of Consolidated OCI	OCI	As % of Consolidated TCI	TCI
Asian Paints International Private Limited (fomerly known as Berger International Private Limited)	2.8	245.40	(0.9)	(18.47)	-	-	(0.9)	(18.47)
Indirect Subsidiaries								
Samoa Paints Limited	-	0.30	-	0.61	-	-	-	0.61
Asian Paints (South Pacific) Pte Limited	0.3	29.35	0.5	11.22	-	-	0.5	11.22
Asian Paints (Tonga) Limited	-	1.93	-	0.30	-	-	-	0.30
Asian Paints (S I) Limited	-	4.31	0.2	3.41	-	-	0.2	3.41
Asian Paints (Vanuatu) Limited	-	0.09	0.1	1.07	-	-	0.1	1.07
Asian Paints (Middle East) LLC	0.4	31.84	0.2	5.11	0.4	(0.13)	0.2	4.98
Asian Paints (Bangladesh) Limited	0.3	26.96	0.1	1.56	(0.9)	0.31	0.1	1.87
SCIB Chemicals S.A.E.	0.4	34.65	0.5	10.35	-	-	0.5	10.35
Asian Paints (Lanka) Limited	-	(3.28)	-	0.31	0.1	(0.05)	-	0.26
Berger Paints Singapore Pte Limited	(0.4)	(35.34)	(0.2)	(3.69)	-	-	(0.2)	(3.69)
Berger Paints Bahrain W.L.L.	0.4	36.89	0.9	18.08	(0.1)	0.03	0.9	18.11
Berger Paints Emirates LLC	0.8	73.93	0.5	11.14	(1.2)	0.41	0.6	11.55
Nirvana Investments Limited	-	2.16	-	1.02	-	-	-	1.02
Enterprise Paints Limited	(0.2)	(20.23)	0.1	1.68	-	-	0.1	1.68
Universal Paints Limited	-	4.15	1.1	24.00	-	-	1.2	24.00
Lewis Berger (Overseas Holdings) Limited	-	-	-	1.03	-	-	-	1.03
Berger Paints Jamaica Limited	-	-	0.1	1.18	-	-	0.1	1.18
Berger Paints Trinidad Limited	-	-	-	(0.88)	-	-	-	(0.88)
Berger Paints Barbados Limited	-	-	0.1	1.21	-	-	0.1	1.21
Kadisco Paint and Adhesive Industry Share Company	(0.2)	(18.35)	0.7	13.82	-	0.01	0.7	13.83
PT Asian Paints Indonesia	(0.7)	(58.11)	(1.7)	(35.91)	0.1	(0.02)	(1.7)	(35.93)
PT Asian Paints Color Indonesia	(0.1)	(12.70)	(0.2)	(3.28)	-	-	(0.2)	(3.28)
Causeway Paints Lanka (Private) Limited	(0.4)	(36.06)	1.8	37.29	(0.2)	0.07	1.8	37.36
Minority Interests in all subsidiaries	3.7	327.65	2.8	58.59	15.3	(5.34)	2.6	53.25
Associate								
Indian								
PPG Asian Paints Private Limited (Consolidated)	2.6	227.19	1.7	35.96	(0.7)	0.26	1.8	36.22
Foreign Currency Translation Reserve (FCTR)	-	-	-	-	75.7	(26.34)	(1.3)	(26.34)
Total	**100.0**	**8,737.88**	**100.0**	**2,097.52**	**100.0**	**(34.80)**	**100.0**	**2,062.72**

Note : The above figures are after eliminating intra group transcations and intra group balances as at 31st March 2018.

Notes to the Consolidated Financial Statements

37. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent Liabilities:

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
1	Performance Bonds and Immigration Bonds given by Subsidiaries	6.01	10.54
2	Claims against the Group not acknowledged as debts		
	i. Tax matters in dispute under appeal	191.55	209.36
	ii. Others	33.27	27.63

(b) Commitments:

(₹ in Crores)

		As at 31.03.2019	As at 31.03.2018
1	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	i. Towards Property, Plant and Equipment	121.08	774.08
	ii. Towards Intangible Assets	3.47	18.96
2	Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31st March.	124.51	221.08
3	For Lease commitments, (Refer note 41 II (b) & 41 III (b))		
4	For derivative contract related commitments, (Refer note 29 C)		

38. DETAILS OF SUBSIDIARIES AND ASSOCIATE

A. Subsidiaries:

The subsidiary companies considered in the Consolidated Financial Statements are:

i. Direct Subsidiaries

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Asian Paints (Nepal) Private Limited	Nepal	51.00	51.00	14th Mar 2018 -14th Mar 2019
Asian Paints International Private Limited*	Singapore	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints Industrial Coatings Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Refer note 31 (b))	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Maxbhumi Developers Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Sleek International Private Limited (Refer note 31 (a))	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints PPG Private Limited	India	50.00	50.00	1st Apr 2018 - 31st Mar 2019

*Asian Paints International Private Limited was formerly known as Berger International Private Limited.

ii. Indirect Subsidiaries

a) Subsidiaries of Asian Paints (International) Private Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Singapore Pte Limited	Singapore	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Lewis Berger (Overseas Holdings) Limited (Refer note 31(c))	UK	-	-	N.A.
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00	1st Apr 2018 - 31st Mar 2019

Notes to the Consolidated Financial Statements

38. DETAILS OF SUBSIDIARIES AND ASSOCIATE (Contd.)

ii. Indirect Subsidiaries (Contd.)

a) Subsidiaries of Asian Paints (International) Private Limited (Contd.)

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
PT Asian Paints Indonesia	Indonesia	100.00	100.00	1st Apr 2018 - 31st Mar 2019
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00	100.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (South Pacific) Limited	Fiji Islands	54.07	54.07	1st Apr 2018 - 31st Mar 2019
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Bangladesh) Limited	Bangladesh	89.78	89.78	1st Apr 2018 - 31st Mar 2019
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00	49.00	1st Apr 2018 - 31st Mar 2019
SCIB Chemicals S.A.E.	Egypt	60.00	60.00	1st Apr 2018 - 31st Mar 2019
Samoa Paints Limited	Samoa	80.00	80.00	1st Apr 2018 - 31st Mar 2019
Asian Paints(Vanuatu) Limited	Republic of Vanuatu	60.00	60.00	1st Apr 2018 - 31st Mar 2019
Asian Paints (Lanka) Limited	Sri Lanka	99.18	99.18	1st Apr 2018 - 31st Mar 2019
Causeway Paints (Lanka) Pvt Ltd (Refer note 31(d))	Sri Lanka	100.00	100.00	1st Apr 2018 - 31st Mar 2019

b) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00	1st Apr 2018 - 31st Mar 2019

c) Subsidiary of Nirvana Investments Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Emirates LLC	U.A.E.	100.00	100.00	1st Apr 2018 - 31st Mar 2019

d) Subsidiary of Lewis Berger (Overseas Holdings) Limited (Refer note 31 (c)):

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Jamaica Limited	Jamaica	-	-	NA
Berger Paints Trinidad Limited	Trinidad	-	-	NA
Berger Paints Barbados Limited	Barbados	-	-	NA

e) Subsidiary of Universal Paints Limited:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00	1st Apr 2018 - 31st Mar 2019

B. Associates:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.19	% of Holding as at 31.03.18	Accounting period
PPG Asian Paints Private Limited	India	50.00	50.00	1st Apr 2018 - 31st Mar 2019
Subsidiaries of PPG Asian Paints Private Limited:				
Revocoat India Private Limited	India	100.00	100.00	1st Apr 2018 - 31st Mar 2019
PPG Asian Paints Lanka Private Limited	Sri Lanka	100.00	100.00	1st Apr 2018 - 31st Mar 2019

39. The Parent Company has recognised ₹ 34.00 crores, being the change in remeasurement of the defined benefit plans, in Other Comprehensive Income during the year end 31st March, 2019 due to impairment in the value of investments made in securities of IL&FS Limited and IL&FS Financial Services Limited by the trust managing the defined benefit plans of the Parent Company.

Notes to the Consolidated Financial Statements

40. EARNINGS PER SHARE

	Year 2018-19	Year 2017-18
Basic and diluted earnings per share from continuing operations in rupees (face value – ₹ 1 per share)	22.51	20.53
Profit after tax from continuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	2,159.49	1,969.24
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790
Basic and diluted earnings per share from discontinuing operations in rupees (face value – ₹ 1 per share)	-	0.73
Profit after tax from discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	-	69.69
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790
Basic and diluted earnings per share from continuing and discontinuing operations in rupees (face value – ₹ 1 per share)	22.51	21.26
Profit after tax from continuing and discontinuing operation attributable to Owners of the Company as per Statement of Profit and Loss (₹ in crores)	2,159.49	2,038.93
Weighted average number of equity shares outstanding	95,91,97,790	95,91,97,790

Earnings Per Share amounts are calculated by dividing the profit for the year attributable to owners of the Parent by the weighted average number of Equity shares outstanding during the year.

41. PURSUANT TO IND AS-17 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED:

I. Assets given on operating leases

(a) Certain subsidiaries have provided tinting systems to its dealers on an operating lease basis. The lease period varies between four to nine years. The lease rentals are payable monthly by the dealers. A refundable security deposit is collected at the time of signing the agreement.

(b) Future minimum lease rentals receivable as at 31st March, 2019 as per the lease agreements:

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Not Later than 1 year	0.01	0.02
Later than 1 year and not later than 5 years	0.04	0.09
Later than 5 years	0.85	0.11
Total	**0.90**	**0.22**

The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into between the respective companies and the dealers and variation made thereto. The lease rentals are reviewed periodically taking into account prevailing market conditions.

(c) The initial direct cost relating to acquisition of tinting system is capitalised.

(d) The information on gross amount of leased assets, depreciation and impairment is given in Note 2.

II. Assets taken on operating leases

(a) The Group has taken certain assets such as Vehicles, Computers, Information Technology hardware and Office space on operating lease. The lease rentals are payable by the Group on a monthly or quarterly basis. In addition, certain overseas subsidiaries have also taken certain assets on operating lease.

Notes to the Consolidated Financial Statements

41. PURSUANT TO IND AS-17 - LEASES, THE FOLLOWING INFORMATION IS DISCLOSED: (Contd.)

II. Assets taken on operating leases (Contd.)

(b) Future minimum lease rentals payable under non-cancellable lease agreements are as under :

(₹ in Crores)

	As at 31.03.2019	As at 31.03.2018
Not Later than 1 year	39.76	31.47
Later than 1 year and not later than 5 years	63.15	44.17
Later than 5 years	37.47	40.85
Total	**140.38**	**116.49**

(c) Lease payments recognized in the Consolidated Statement of Profit and Loss for the year is ₹ 259.93 Crores (Previous year ₹ 239.32 crores).

III. Assets taken on finance lease

(a) Certain subsidiaries have taken vehicles on finance lease which effectively transferred to the respective subsidiaries substantially all of the risks and benefits incidental to the ownership.

(b) Future minimum lease rentals payable as at 31st March, 2019 as per the lease agreements are as under:

(₹ in Crores)

	As at 31.03.2019			As at 31.03.2018		
	Minimum lease payment	Finance charge allocated to future periods	Present Value	Minimum lease payment	Finance charge allocated to future periods	Present Value
Not Later than 1 year	0.07	0.04	0.03	0.07	0.04	0.03
Later than 1 year and not later than 5 years	0.25	0.13	0.12	0.26	0.15	0.11
Later than 5 years	0.44	0.15	0.29	0.50	0.18	0.32
Total	**0.76**	**0.32**	**0.44**	**0.83**	**0.37**	**0.46**

(c) The information on gross amount of leased assets, depreciation and impairment is given in Note 2

IV. Assets given on finance lease

(a) Certain subsidiaries have leased some of their plant and equipment on finance lease which effectively transferred substantially all of the risks and benefits incidental to the ownership.

(b) The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2019 is as under:

(₹ in Crores)

	As at 31.03.2019			As at 31.03.2018		
	Gross investments in lease	Unearned finance income	Present value receivables	Gross investments in lease	Unearned finance income	Present value receivables
Not Later than 1 year	0.22	0.10	0.12	0.14	0.03	0.11
Later than 1 year and not later than 5 years	0.02	-	0.02	0.04	0.01	0.03
Later than 5 years	-	-	-	-	-	-
Total	**0.24**	**0.10**	**0.14**	**0.18**	**0.04**	**0.14**

Notes to the Consolidated Financial Statements

42. PURSUANT TO THE IND AS-37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS, THE DISCLOSURE RELATING TO PROVISIONS MADE IN THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019 IS AS FOLLOWS:

(₹ in Crores)

	Provision for Excise(1)		Provision for Sales Tax(2)		Provision for Warranties(3)		Other Provisions(4)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Opening Balance	0.71	0.58	31.16	28.11	2.33	2.52	0.14	0.48
Additions	-	0.13	10.90	7.47	1.00	-	-	-
(Utilizations)	-	-	(0.37)	(0.33)	(0.30)	(0.33)	-	(0.34)
(Reversals)	(0.08)	-	(11.18)	(4.09)	(0.48)	-	-	-
Currency Translation	-	-	-	-	0.07	0.14	-	-
Closing Balance	**0.63**	**0.71**	**30.51**	**31.16**	**2.62**	**2.33**	**0.14**	**0.14**

These provisions represent estimates made mainly for probable claims arising out of litigations/disputes pending with authorities under various statutes (Excise duty, Sales tax). The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/disputes. Hence, the Parent Company is not able to reasonably ascertain the timing of the outflow.

(1) Excise provision made towards matters disputed at various appellate levels.

(2) Sales tax provisions made towards non-receipt of 'C' forms and towards matters disputed at various appellate level.

(3) Provision for warranties represents management's best estimate of the liability for warranties granted on paints by some of the subsidiaries based on past experience of claims.

(4) Provision for other statutory liabilities represent provision for probable outflow towards employee related statutory liabilities.

43. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES:

(₹ in Crores)

	As at 31.03.2018	Cash flows	Other Changes	Non-cash changes: Fair value changes	Non-cash changes: Current/ Non-current classification	Non-cash changes: Foreign currency translation differences	As at 31.03.2019
Borrowings - Non current (Refer note 15)	28.33	(9.46)	-	1.02	(11.02)	10.61	19.48
Borrowings - Current (Refer note 15)	492.42	74.19	(16.82)	-	-	46.74	596.53
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 16)	12.68	(12.68)	-	-	11.02	-	11.02

(₹ in Crores)

	As at 31.03.2017	Cash flows	Other Changes	Non-cash changes: Fair value changes	Non-cash changes: Current/ Non-current classification	Non-cash changes: Foreign currency translation differences	As at 31.03.2018
Borrowings - Non current (Refer note 15)	41.07	(14.58)	-	0.91	(12.68)	13.61	28.33
Borrowings - Current (Refer note 15)	504.43	(28.29)	(2.86)	-	-	19.14	492.42
Other Financial Liabilities (current portion of non-current borrowings) (Refer note 16)	14.84	(14.84)	-	-	12.68	-	12.68

44. The Consolidated Financial Statements are approved for issue by the Audit Committee at their meeting conducted on 8th May, 2019 and by the Board of Directors on 9th May, 2019.