Notes to the Financial Statements

for the year ended 31st March, 2018

COMPANY BACKGROUND

Asian Paints Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1913. The registered office of the Company is located at 6A, Shantinagar, Santacruz East, Mumbai, India.

The Company is engaged in the business of manufacturing, selling and distribution of paints, coatings, products related to home decor, bath fittings and providing related services.

1. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis of preparation of financial statements

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

During the year, the National Company Law Tribunal had approved the scheme of amalgamation ('The Scheme') between the Company and Asian Paints (International) Limited ('APIL'), Mauritius, a wholly owned subsidiary of the Company. The Scheme became effective from 15th January, 2018 on completion of all regulatory formalities. In accordance with of Ind AS 103- Business combination, the financial statements of the Company for the previous financial year 2016-17 have been restated with effect from 1st April, 2016, being the earliest period presented (Refer Note 31).

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

1.2. Current / Non-Current Classification

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

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

ii. the asset is intended for sale or consumption;

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

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

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

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

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

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

1.3. Summary of Significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date

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for the year ended 31st March, 2018

fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

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

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

b) Goodwill

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

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

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

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

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

c) Property, Plant and Equipment

<u>Measurement at recognition:</u>

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.

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for the year ended 31st March, 2018

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

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

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

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

Capital work in progress and Capital advances:

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

Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of items of property, plant and equipment is mentioned below:

	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants)	10-20
Scientific research equipment	8
Furniture and Fixtures	8
Office Equipment and Vehicles	5
Information Technology Hardware	4

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

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013 (Schedule III). 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.

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- The useful lives of certain plant and equipment are estimated in the range of 10-20 years. These lives are different from those indicated in Schedule II.
- Scientific research equipment are depreciated over the estimated useful life of 8 years, which is higher than the life prescribed in Schedule II.
- Vehicles are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.
- Information Technology hardware are depreciated over the estimated useful life of 4 years, which is higher than the life prescribed in Schedule II.

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

Derecognition:

The carrying amount of an item of property, plant and equipment is 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 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 Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

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

Amortization:

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

	Years
Purchase cost, user license fees and consultancy fees for Computer Software (including those used for scientific research)	4
Acquired Trademark	5
Acquired Brand (Bath fitting brand - Ess Ess)	2

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 Statement of Profit and Loss when the asset is derecognized.

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e) Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

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

f) Revenue

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

Sale of products:

Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, while the Company retains neither continuing managerial involvement nor effective control over the products sold.

Rendering of services:

Revenue from services is recognized when the stage of completion can be measured reliably. Stage of completion is measured by the services performed till balance sheet date as a percentage of total services contracted.

Interest, royalties and dividends:

Interest income is recognized using effective interest method. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognized when the right to receive payment is established.

g) Government grants and subsidies

Recognition and Measurement:

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

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

Presentation:

Income from subsidies are presented on gross basis under Revenue from Operations. Income arising from below-market rate of interest loans are presented on gross basis under other income.

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.

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

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

i) Financial Instruments

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

Financial assets

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

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

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

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

Notes to the Financial Statements

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Subsequent measurement:

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

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

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

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

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

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

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

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

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

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

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

ii. Financial assets measured at FVTOCI:

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

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

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

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

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

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 29 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for

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trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

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

iii. Financial assets measured at FVTPL:

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

Derecognition:

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

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

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

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

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

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

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

Impairment of financial assets:

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

i. Trade receivables and lease receivables

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

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

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

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased

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significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

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

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

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

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

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

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

Financial Liabilities

Initial recognition and measurement:

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

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

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

Subsequent measurement:

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

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

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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 Statement of Profit and Loss.

j) Derivative financial instruments and hedge accounting

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

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

Recognition and measurement of fair value hedge:

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

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

Derecognition:

On Derecognition of the hedged item, the unamortized fair value of the hedging instrument adjusted to the hedged item, is recognized in the Statement of Profit and Loss.

k) Fair Value

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

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

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

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

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

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

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

l) Investment in subsidiary and associate Companies

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 4. Impairment policy applicable on such investments is explained in note 1.3(e) above.

m) Foreign Currency Translation

Initial Recognition:

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

Measurement of foreign currency items at reporting date:

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

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

n) Income Taxes

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

Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

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

Deferred tax:

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

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

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case

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for the year ended 31st March, 2018

of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

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

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

Presentation of current and deferred tax:

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

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

o) Provisions and Contingencies

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

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

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

p) Measurement of EBITDA

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the period. The Company measures EBITDA based on profit/(loss) from continuing operations.

q) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

r) Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The

Notes to the Financial Statements

for the year ended 31st March, 2018

Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

I. Defined contribution plans:

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

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

II. Defined benefit plans:

i. Provident fund scheme:

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

ii. Gratuity scheme:

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund), towards meeting the Gratuity obligation

iii. Pension Scheme:

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

iv. Post-Retirement Medical benefit plan:

The Company operates a defined post-retirement medical benefit plan for certain specified employees and is payable upon the employee satisfying certain conditions.

Recognition and measurement of defined benefit plans:

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

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

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

Notes to the Financial Statements

for the year ended 31st March, 2018

Other Long Term Employee Benefits:

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

s) 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.

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

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

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

t) Research and Development

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

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

u) Borrowing Cost

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

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

v) Segment Reporting

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

w) Events after reporting date

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

x) Non-current Assets held for sale

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

Notes to the Financial Statements

for the year ended 31st March, 2018

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.

y) Recent accounting pronouncements

Standards issued but not yet effective

In March, 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, *Revenue from Contract with Customers*, Appendix B to Ind AS 21, *Foreign currency transactions and advance consideration* and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

a) Ind AS 115, *Revenue from Contract with Customers*:

Ind AS 115 supersedes Ind AS 11, *Construction Contracts* and Ind AS 18, *Revenue*. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Company, the impact of application of the Standard is not expected to be material.

b) Appendix B to Ind AS 21, *Foreign currency transactions and advance consideration*:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the Appendix on the financial statements, as assessed by the Company, is expected to be not material.

1.4. Key accounting estimates and judgements

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

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (Refer Note 18).

Notes to the Financial Statements

for the year ended 31st March, 2018

b) Business combinations and intangible assets

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

c) Property, plant and equipment

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

d) Impairment of Goodwill

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

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

e) Defined Benefit Obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 40, 'Employee benefits'.

f) Fair value measurement of financial instruments

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

Notes to the Financial Statements

NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

	Gross carrying value				Depreciation/Amortisation				Net carrying value
	As at 01.04.17	Additions during the year	Deductions / Adjustments #	As at 31.03.18	As at 01.04.17	Additions during the year	Deductions / Adjustments #	As at 31.03.18	As at 31.03.18
Land :									
Freehold	162.03	2.21	-	164.24	-	-	-	-	164.24
Leasehold	147.25	0.27	-	147.52	2.87	1.69	-	4.56	142.96
Buildings	714.97	8.34	0.91	722.40	50.11	28.44	0.10	78.45	643.95
Plant and Equipment	1,734.21	148.65	14.63	1,868.23	347.27	210.27	3.81	553.73	1,314.50
Scientific Research :									
Buildings	30.40	40.88	-	71.28	2.60	1.50	-	4.10	67.18
Equipment	33.00	29.29	-	62.29	10.71	5.04	-	15.75	46.54
Furniture and Fixtures	40.44	9.98	0.49	49.93	10.43	6.72	0.23	16.92	33.01
Vehicles	1.05	0.38	0.18	1.25	0.43	0.27	0.16	0.54	0.71
Office Equipment	36.96	7.32	0.48	43.80	13.20	8.68	0.39	21.49	22.31
Leasehold improvements	9.89	-	0.49	9.40	1.73	1.99	0.22	3.50	5.90
Information Technology Hardware	81.22	13.61	0.10	94.73	40.06	18.63	0.10	58.59	36.14
Total	**2,991.42**	**260.93**	**17.28**	**3,235.07**	**479.41**	**283.23**	**5.01**	**757.63**	**2,477.44**

(₹ in Crores)

	Gross carrying value				Depreciation/Amortisation				Net carrying value
	As at 01.04.16	Additions during the year	Deductions / Adjustments #	As at 31.03.17	As at 01.04.16	Additions during the year	Deductions / Adjustments #	As at 31.03.17	As at 31.03.17
Land :									
Freehold	162.01	0.02	-	162.03	-	-	-	-	162.03
Leasehold	147.25	-	-	147.25	1.20	1.69	0.02	2.87	144.38
Buildings	691.24	23.93	0.20	714.97	23.02	27.09	-	50.11	664.86
Plant and Equipment	1,567.13	167.87	0.79	1,734.21	148.18	199.19	0.10	347.27	1,386.94
Scientific Research :									
Buildings	30.40	-	-	30.40	1.30	1.30	-	2.60	27.80
Equipment	24.60	8.40	-	33.00	5.85	4.86	-	10.71	22.29
Furniture and Fixtures	30.67	9.85	0.08	40.44	4.85	5.62	0.04	10.43	30.01
Vehicles	0.92	0.19	0.06	1.05	0.23	0.24	0.04	0.43	0.62
Office Equipment	24.97	12.13	0.14	36.96	5.82	7.47	0.09	13.20	23.76
Leasehold improvements	1.28	8.62	0.01	9.89	0.65	1.09	0.01	1.73	8.16
Information Technology Hardware	63.01	18.55	0.34	81.22	19.41	20.95	0.30	40.06	41.16
Total	**2,743.48**	**249.56**	**1.62**	**2,991.42**	**210.51**	**269.50**	**0.60**	**479.41**	**2,512.01**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 32 (b).

Deductions / Adjustments include assets classified as held for sale (Refer Note 12)

Notes to the Financial Statements

NOTE 3 : INTANGIBLE ASSETS (Acquired separately)

(₹ in Crores)

	Gross carrying value				Amortisation				Net carrying value
	As at 01.04.17	Additions during the year	Deductions / Adjustments	As at 31.03.18	As at 01.04.17	Additions during the year	Deductions / Adjustments	As at 31.03.18	As at 31.03.18
A. GOODWILL									
Goodwill (Refer Note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	**35.36**	**-**	**-**	**35.36**	**-**	**-**	**-**	**-**	**35.36**
B. OTHER INTANGIBLE ASSETS									
Trademark	0.94	-	-	0.94	0.38	0.19	-	0.57	0.37
Computer Software	103.27	26.27	0.04	129.50	46.58	27.66	0.04	74.20	55.30
Brand	2.50	-	-	2.50	2.50	-	-	2.50	-
Scientific Research :									
Computer Software	0.13	0.04	0.01	0.16	0.07	0.03	-	0.10	0.06
Total (B)	**106.84**	**26.31**	**0.05**	**133.10**	**49.53**	**27.88**	**0.04**	**77.37**	**55.73**
Total (A+B)	**142.20**	**26.31**	**0.05**	**168.46**	**49.53**	**27.88**	**0.04**	**77.37**	**91.09**

(₹ in Crores)

	Gross carrying value				Amortisation				Net carrying value
	As at 01.04.16	Additions during the year	Deductions / Adjustments	As at 31.03.17	As at 01.04.16	Additions during the year	Deductions / Adjustments	As at 31.03.17	As at 31.03.17
A. GOODWILL									
Goodwill (Refer Note below)	35.36	-	-	35.36	-	-	-	-	35.36
Total (A)	**35.36**	**-**	**-**	**35.36**	**-**	**-**	**-**	**-**	**35.36**
B. OTHER INTANGIBLE ASSETS									
Trademark	0.94	-	-	0.94	0.19	0.19	-	0.38	0.56
Computer Software	80.74	22.53	-	103.27	21.22	25.36	-	46.58	56.69
Brand	2.50	-	-	2.50	2.14	0.36	-	2.50	-
Scientific Research :									
Computer Software	0.08	0.05	-	0.13	0.05	0.02	-	0.07	0.06
Total (B)	**84.26**	**22.58**	**-**	**106.84**	**23.60**	**25.93**	**-**	**49.53**	**57.31**
Total (A+B)	**119.62**	**22.58**	**-**	**142.20**	**23.60**	**25.93**	**-**	**49.53**	**92.67**

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 32 (b).

Notes to the Financial Statements

NOTE 3 : INTANGIBLE ASSETS (Acquired separately) (contd.)

Note:

Allocation of Goodwill to cash generating units

Goodwill is allocated to the following cash generating unit ("CGU") for impairment testing purpose-

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
Goodwill relating to Bath Fittings Business	35.36	35.36

The recoverable amount of this CGU for impairment testing is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management covering a six-year period (Previous year - seven year), as the Company believes this to be the most appropriate timescale for reviewing and considering annual performance before applying a fixed terminal value multiple to the final cash flows.

Cash flows beyond the six-year period (Previous year - seven year) were extrapolated using estimate rates stated below.

As at 31st March, 2018 and 31st March, 2017, goodwill in respect of Bath Fittings Business was not impaired.

Key Assumptions used for value in use calculations are as follows:

	As at 31.03.2018	As at 31.03.2017
Compounded average net sales growth rate for six-year period (Previous year - seven year)	24%	27%
Growth rate used for extrapolation of cash flow projections beyond the six-year period (Previous year - seven year)	4%	4%
Discount rate	14%	14%

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

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

Notes to the Financial Statements

NOTE 4 : INVESTMENTS

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.2018	Non-Current As at 31.03.2017	Current As at 31.03.2018	Current As at 31.03.2017
I. Non-Current Investments						
A. Investments in Equity Instruments						
(a) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	359.81	384.45	-	-
Housing Development Finance Corporation Limited	4,65,000	2	84.89	69.85	-	-
Apcotex Industries Limited	13,672	5	0.67	0.44	-	-
Total Quoted equity shares			**445.37**	**454.74**	**-**	**-**
(b) Unquoted equity shares						
(i) Subsidiaries (measured at cost, Refer Note 1.3 l)						
(a) Asian Paints Industrial Coatings Limited	3,04,50,000	10	30.45	30.45	-	-
(b) Asian Paints International Private Limited (Refer Note 31)** (Formerly Known as Berger International Private Limited)	322,833,370		406.60	406.60	-	-
(c) Asian Paints (Nepal) Private Limited, Nepal.	32,54,310	NPR 10	0.12	0.12	-	-
(d) Maxbhumi Developers Limited	4,19,000	10	15.55	15.55	-	-
(e) Sleek International Private Limited# (59,868 shares acquired during the year for cash)	122,180 (62,312)	10	169.61	119.48	-	-
Less: Impairment loss			(65.30)	(65.30)	-	-
			104.31	**54.18**	**-**	**-**
(f) Asian Paints PPG Private Limited	52,43,961	10	30.47	30.47	-	-
(g) Reno Chemicals Pharmaceuticals And Cosmetics Private Limited## (4,950 shares acquired during the year for cash)	4,950 (-)	100	161.42	-	-	-
			748.92	**537.37**	**-**	**-**
(ii) Associate (measured at cost, Refer Note 1.3 l)						
PPG Asian Paints Private Limited	2,85,18,112	10	81.43	81.43	-	-
			81.43	**81.43**	**-**	**-**
(iii) Other equity shares measured at FVTPL			1.07	1.07	-	-
Total Unquoted equity shares			**831.42**	**619.87**		**-**
Total Investments in Equity Instruments		A	**1,276.79**	**1,074.61**		**-**

Notes to the Financial Statements

NOTE 4 : INVESTMENTS (Contd.)

(₹ in Crores)

	Nos.	Face value (₹)	Non-Current As at 31.03.2018	Non-Current As at 31.03.2017	Current As at 31.03.2018	Current As at 31.03.2017
I. Non-Current Investments (Contd.)						
B. Investments in Unquoted Government securities measured at amortised cost		B	*	*	-	-
*[₹ 39,500/- (As at 31st March, 2017 - ₹ 39,500)]						
C. Investments in Quoted Debentures or Bonds measured at FVTOCI		C	80.47	80.28	-	-
D. Investments in Quoted Mutual Funds measured at FVTPL			190.07	443.31	346.87	193.58
Amount included under the head "Current Investments"			-	-	(346.87)	(193.58)
Total Investments in Mutual Funds - Quoted		D	190.07	443.31	-	-
Total Non-Current Investments (A+B+C+D)			1,547.33	1,598.20	-	-
Aggregate amount of quoted investments - At cost			291.88	509.38	-	-
Aggregate amount of quoted investments - At market value			715.91	978.33	-	-
Aggregate amount of unquoted investments - At cost			831.42	619.87	-	-
Aggregate amount of impairment in value of investments			65.30	65.30	-	-
II. Current Investments						
Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer Note 4(I)(D))			-	-	346.87	193.58
ii. Investments in Liquid Mutual Funds			-	-	576.37	1,121.82
iii. Investments with original maturity more than three months but less than twelve months			-	-	106.77	-
Total Current Investments			-	-	1,030.01	1,315.40
Aggregate amount of quoted investments - At cost			-	-	945.14	1,273.08
Aggregate amount of quoted investments - At market value			-	-	1,030.01	1,315.40

Figures in brackets indicate that of 31st March, 2017 as applicable.

On 11th December, 2017, the Company purchased balance stake of 49% from the non-controlling shareholders of Sleek International Private Limited ('Sleek'), subsidiary of the Company, for a consideration of ₹ 50.13 crores. Sleek has since then become a wholly owned subsidiary of the Company.

On 12th December, 2017, the Company had acquired 100% stake in Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'), for a consideration of ₹ 161.42 crores. Reno owns land in Mumbai which the Company intends to use for meeting its growing infrastructure requirements.

** In the year 2016-17, Loan amounting to ₹ 16.65 crores given by Asian Paints (International) limited, Mauritius to Asian Paints International Private Limited ('APIPL') was converted into equity investment in APIPL. Accordingly, as at 31st March, 2017, the Company's total investment in APIPL amounted to ₹ 406.6 crores. (Refer Note 31)

NOTE 5 : LOANS

(₹ in Crores)

	Non-Current As at 31.03.2018	Non-Current As at 31.03.2017	Current As at 31.03.2018	Current As at 31.03.2017
Unsecured and Considered good				
Sundry deposits	79.08	70.27	12.17	13.55
TOTAL	79.08	70.27	12.17	13.55

Notes to the Financial Statements

NOTE 6 : OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Royalty receivable	-	-	41.40	43.13
Due from subsidiary companies	-	-	16.16	11.68
Less: Allowance for doubtful debts and advances	-	-	(2.05)	-
	-	**-**	**14.11**	**11.68**
Due from associate company	-	-	4.97	3.32
Subsidy receivable from state government	87.79	44.04	239.42	241.11
Term deposits held as margin money against bank guarantee and other commitments	0.06	0.05	-	-
Bank deposits with more than 12 months of original maturity	56.90	153.96	166.05	15.64
Interest accrued on investments in debentures or bonds measured at FVTOCI	-	-	3.38	3.45
Quantity discount receivable	-	-	157.90	155.74
TOTAL	**144.75**	**198.05**	**627.23**	**474.07**

NOTE 7 : CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Advance payment of income tax (net)	49.50	36.48	-	-
TOTAL	**49.50**	**36.48**	**-**	**-**

NOTE 8 : OTHER ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(a) Capital advances	279.56	173.00	-	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	26.25	27.39	177.42	101.88
ii) Balances with government authorities				
- Customs Duty receivable	-	-	59.45	86.08
- Service tax credit receivable	-	-	-	20.21
- GST credit receivable	-	-	124.28	-
iii) Advances to employees	-	-	5.03	6.35
iv) Duty credit entitlement	-	-	16.54	6.96
v) Other Receivables	-	-	5.89	2.25
vi) Employee benefit assets (Refer Note 40)	-	-	4.68	8.22
TOTAL	**305.81**	**200.39**	**393.29**	**231.95**

Notes to the Financial Statements

NOTE 9 : INVENTORIES (At lower of cost and net realisable value)

(₹ in Crores)

		As at 31.03.2018	As at 31.03.2017
(a)	Raw materials	570.26	516.78
	Raw materials-in-transit	157.90	81.16
		728.16	**597.94**
(b)	Packing materials	39.59	36.32
(c)	Work-in-progress	95.60	74.80
(d)	Finished goods	1,016.17	1,231.50
	Finished goods-in-transit	2.91	1.80
		1,019.08	**1,233.30**
(e)	Stock-in-trade (acquired for trading)	190.83	182.41
	Stock-in-trade (acquired for trading) in-transit	33.85	2.97
		224.68	**185.38**
(f)	Stores, spares and consumables	71.32	66.10
	Stores, spares and consumables-in-transit	-	0.25
		71.32	**66.35**
TOTAL		**2,178.43**	**2,194.09**

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

The cost of inventories recognised as an expense includes ₹ 14.22 crores (Previous year ₹ 26.90 crores) in respect of write down of inventory to net realisable value. There has been no reversal of such write down in current and previous years.

NOTE 10 : TRADE RECEIVABLES

(₹ in Crores)

		Current	
		As at 31.03.2018	As at 31.03.2017
Trade receivables			
(a)	Unsecured, considered good	1,138.20	994.63
(b)	Unsecured, considered doubtful	15.42	12.63
		1,153.62	**1,007.26**
Less: Allowance for unsecured doubtful debts		(15.42)	(12.63)
TOTAL		**1,138.20**	**994.63**

Notes to the Financial Statements

NOTE 11 : CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(A) Cash and Cash Equivalents				
(a) Balances with Banks				
(i) Current Accounts	-	-	12.76	22.89
(ii) Cash Credit Account##	-	-	1.98	8.30
(iii) Deposits with original maturity of less than 3 months	-	-	25.12	-
(b) Cheques, drafts on hand	-	-	66.82	30.79
(c) Cash on hand	-	-	0.02	0.03
TOTAL	**-**	**-**	**106.70**	**62.01**
(B) Other Balances with Banks				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	-	-	-	132.38
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account*	-	-	14.14	11.55
(iii) Term deposits held as margin money against bank guarantee and other commitments	0.06	0.05	-	-
	0.06	**0.05**	**14.14**	**143.93**
Amount included under the head "Other Financial Assets"	(0.06)	(0.05)		
TOTAL	**-**	**-**	**14.14**	**143.93**

\## Secured by hypothecation of inventories and trade receivables and carries interest rate @ 8.30% p.a (as at 31st March, 2017 the rate was 9.15%.)

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

NOTE 12 : ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
Plant and Equipment *	0.92	0.57
TOTAL	**0.92**	**0.57**

* The Company intends to dispose off plant and equipment pertaining to Bhandup and Phthalic plant, as it no longer intends to utilise in the next 12 months. It was previously used in its manufacturing facility. The Company is in search of a buyer for sale of plant and equipment pertaining to Bhandup plant and no impairment loss was recognised on reclassification of the plant & equipment as held for sale and the Company expects the fair value less cost to sell to be higher than carrying amount. For the sale of plant and equipment pertaining to Phthalic plant, the Company has entered into a sale agreement and significant part has been disposed off during the year FY 17-18. The remaining sale transactions are expected to be completed by FY18-19.

Notes to the Financial Statements

NOTE 13 : EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
Authorised		
99,50,00,000 Equity Shares of ₹ 1 each	99.50	99.50
50,000 11% Redeemable Cumulative Preference shares of ₹ 100 each	0.50	0.50
	100.00	**100.00**
Issued, Subscribed and Paid up capital		
95,91,97,790 Equity Shares of ₹ 1 each fully paid	95.92	95.92
	95.92	**95.92**

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

Fully paid Equity Shares	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	95,91,97,790	95.92	95,91,97,790	95.92
Add: Issued during the year	-	-	-	-
At the end of the year	**95,91,97,790**	**95.92**	**95,91,97,790**	**95.92**

b) Terms/rights attached to equity shares

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

c) Details of Shareholders holding more than 5% equity shares in the Company @

Name of the Shareholders	As at 31.03.2018		As at 31.03.2017	
	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	7,36,00,266	7.67	4,50,04,429	4.69

@ As per the records of the Company, including its register of members.

* Formerly known as ISIS Holding and Trading Company Private Limited

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 24th October, 2017 declared an interim dividend of ₹ 2.65 (Rupees two and paise sixty five only) per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 10th May, 2018 have recommended a payment of final dividend of ₹ 6.05 (Rupees six and paise five only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March, 2018. If approved, the total dividend (interim and final dividend) for the financial year 2017-18 will be ₹ 8.70 (Rupees eight and paise seventy only) per equity share of the face value of ₹ 1 each (₹ 10.30 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

Notes to the Financial Statements

NOTE 14 : OTHER EQUITY

(₹ in Crores)

	Reserves and Surplus				Debt instruments through OCI	Equity instruments through OCI	Total
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained earnings			
Balance as at 1st April, 2016	*	**0.50**	**3,666.74**	**2,181.55**	**0.87**	**(19.85)**	**5,829.81**
Changes on account of amalgamation (Refer Note 31)	44.38	-	-	100.77	-	-	145.15
Restated balance as at 1st April, 2016 (A)	**44.38**	**0.50**	**3,666.74**	**2,282.32**	**0.87**	**(19.85)**	**5,974.96**
Additions during the year:							
Profit for the year	-	-	-	1,801.72	-	-	1,801.72
Items of OCI for the year, net of tax							
Remeasurement benefit of defined benefit plans	-	-	-	5.38	-	-	5.38
Net fair value gain on investment in equity instruments through OCI	-	-	-	-	-	130.76	130.76
Net fair value gain on investment in debt instruments through OCI	-	-	-	-	2.90	-	2.90
Total Comprehensive Income for the year 2016-17 (B)	-	-	-	**1,807.10**	**2.90**	**130.76**	**1,940.76**
Reductions during the year:							
Dividends (Refer Note 30)	-	-	-	(762.56)	-	-	(762.56)
Income tax on dividend (Refer Note 30)	-	-	-	(154.33)	-	-	(154.33)
Transfer to General Reserve	-	-	500.00	(500.00)	-	-	-
Total (C)	-	-	**500.00**	**(1,416.89)**	-	-	**(916.89)**
Balance as at 31st March, 2017 (D) = (A+B+C)	**44.38**	**0.50**	**4,166.74**	**2,672.53**	**3.77**	**110.91**	**6,998.83**
Additions during the year:							
Profit for the year	-	-	-	1,894.80	-	-	1,894.80
Items of OCI for the year, net of tax							
Remeasurement benefit of defined benefit plans	-	-	-	8.00	-	-	8.00
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	-	(9.36)	(9.36)
Net fair value (loss) on investment in debt instruments through OCI	-	-	-	-	(2.61)	-	(2.61)
Total Comprehensive Income for the year 2017-18 (E)	-	-	-	**1,902.80**	**(2.61)**	**(9.36)**	**1,890.83**

Notes to the Financial Statements

NOTE 14 : OTHER EQUITY (contd.)

(₹ in Crores)

	Reserves and Surplus				Debt instruments through OCI	Equity instruments through OCI	Total
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained earnings			
Reductions during the year:							
Dividends (Refer Note 30)	-	-	-	(987.98)	-	-	(987.98)
Income tax on dividend (Refer Note 30)	-	-	-	(199.44)	-	-	(199.44)
Total (F)	-	-	-	(1,187.42)	-	-	(1,187.42)
Balance as at 31st March, 2018 (D+E+F)	44.38	0.50	4,166.74	3,387.91	1.16	101.55	7,702.24

* ₹ 5000/-

Description of nature and purpose of each reserve

Capital Reserve :

a. Capital reserve of ₹ 5000/- was created on merger of 'Pentasia Chemicals Ltd.' with the Company, pursuant to scheme of Rehabilitation-cum-Merger sanctioned by Board of Industrial and Financial Reconstruction in the financial year 1995-96.

b. Capital Reserve of ₹ 44.38 crores was created on merger of Asian Paints (International) Limited, Mauritius, wholly owned subsidiary of the Company, with the Company as per the order passed by the National Company Law Tribunal (Refer Note 31).

Capital Redemption Reserve - This reserve was created for redemption of preference shares in the financial year 1989-90. The preference shares were redeemed in the financial year 1990-91.

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 impairment losses on such instruments.

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

Notes to the Financial Statements

NOTE 15 : BORROWINGS*

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Secured				
Deferred payment liabilities :				
Loan from State of Haryana##	9.87	10.38	1.42	1.98
Unsecured				
Loans repayable on demand				
From banks (Bank overdraft)@	-	-	-	26.84
	9.87	**10.38**	**1.42**	**28.82**
Amount Included under the head "Other Financial liabilities" (Refer Note 16)	-	-	(1.42)	(1.98)
TOTAL	**9.87**	**10.38**	**-**	**26.84**

Notes:

\## The Company is eligible to avail interest free loan in respect of 50% of VAT paid within Haryana on the sale of goods produced at Rohtak plant for a period of 7 financial years beginning from April, 2010. For the year ended 31st March, 2011, 31st March, 2012 and 31st March, 2013, the 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 19).

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

@ Overdraft in current account carries interest rate @ 8.15% p.a. (as at 31st March, 2017 it was 8.90% p.a.)

* Default in terms of repayment of principal and interest - NIL.

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(a) **Current maturities of Long-term debt** (Refer Note 15)	-	-	1.42	1.98
(b) **Investor Education and Protection Fund#**				
(i) Unpaid/Unclaimed dividend	-	-	14.11	11.51
(ii) Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	-	-	0.04	0.04
	-	**-**	**14.15**	**11.55**
(c) **Others**				
Retention monies relating to capital expenditure	0.65	2.31	75.26	29.59
Payable towards capital expenditure	-	-	204.63	40.74
Payable towards services received	-	-	270.04	205.63
Payable towards stores, spares and consumables	-	-	8.24	37.93
Payable to employees [including ₹ 4.5 crores due to Managing Director (as at 31st March, 2017 ₹ 4.5 crores)]	-	-	128.04	130.17
Payable towards other expenses [including ₹ 3.90 crores due to Non-Executive Directors (as at 31st March, 2017 ₹ 3.65 crores)]	-	-	506.78	419.96
Forward exchange contract (Net)	-	-	-	2.44
	0.65	**2.31**	**1,192.99**	**866.46**
TOTAL	**0.65**	**2.31**	**1,208.56**	**879.99**

\# **Investor Education and Protection Fund** ('IEPF')- As at 31st March, 2018, there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed Dividend, if any, shall be transferred to IEPF as and when they become due.

Notes to the Financial Statements

NOTE 17: PROVISIONS

(₹ in Crores)

		Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(a)	**Provision for Employee Benefits** (Refer Note 40)				
	Provision for Compensated absences	101.97	103.91	14.40	13.48
	Provision for Pension	1.43	1.55	0.34	0.35
	Provision for Post retirement medical and other benefits	3.95	4.38	2.62	0.14
		107.35	**109.84**	**17.36**	**13.97**
(b)	**Others** (Refer Note 34)				
	Provision for Excise	-	-	0.71	0.58
	Provision for Central Sales Tax / VAT	-	-	24.78	21.65
		-	**-**	**25.49**	**22.23**
TOTAL		**107.35**	**109.84**	**42.85**	**36.20**

NOTE 18 : INCOME TAXES

(₹ in Crores)

		Year 2017-18	Year 2016-17
A.	**The major components of income tax expense for the year are as under :**		
	(i) Income tax recognised in the Statement of Profit and Loss		
	Current tax		
	In respect of current year	968.87	817.27
	Adjustments in respect of previous year	(0.41)	(3.60)
	Deferred tax:		
	In respect of current year	2.57	41.33
	Income tax expense recognised in the Statement of Profit and Loss	**971.03**	**855.00**
	(ii) Income tax expense recognised in OCI		
	Deferred tax :		
	Deferred tax (expense)/benefit on net fair value gain on investments in debt instruments through OCI	(2.30)	0.17
	Deferred tax (expense) on remeasurement benefit of defined benefit plans	(4.29)	(2.84)
	Income tax (expense) recognised in OCI	**(6.59)**	**(2.67)**
B.	**Reconciliation of tax expense and the accounting profit for the year is as under :**		
	Profit before tax	**2,865.83**	**2,656.72**
	Income tax expense calculated at 34.608%	991.81	919.44
	Tax effect on non-deductible expenses	20.42	22.62
	Incentive tax credits	(16.05)	(34.70)
	Effect of Income which is taxed at special rates	(11.63)	(19.70)
	Effect of Income that is exempted from tax	(14.46)	(26.66)
	Others	1.35	(2.40)
	Total	**971.44**	**858.60**
	Adjustments in respect of current income tax of previous year	(0.41)	(3.60)
	Tax expense as per Statement of Profit and Loss	**971.03**	**855.00**

The tax rate used for reconciliation above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Financial Statements

NOTE 18 : INCOME TAXES (Contd.)

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

As at 31st March, 2018 (₹ in Crores)

	Balance Sheet 01.04.2017	Profit and loss 2017-18	OCI 2017-18	Balance Sheet 31.03.2018
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961.	(295.0)	(3.29)	-	(298.29)
Provision for expense allowed for tax purpose on payment basis (Net)	43.04	7.05	-	50.09
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)
Remeasurement benefit of the defined benefit plans through OCI	(3.75)	-	(4.29)	(8.04)
Difference in carrying value and tax base of investments measured at FVTPL	(12.75)	(4.63)	-	(17.38)
Deferred tax (expense)/benefit		**(2.57)**	**(6.59)**	
Net Deferred tax liabilities	**(261.17)**			**(270.33)**

As at 31st March, 2017 (₹ in Crores)

	Balance Sheet 01.04.2016	Profit and loss 2016-17	OCI 2016-17	Balance Sheet 31.03.2017
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961.	(251.95)	(43.05)	-	(295.00)
Provision for expense allowed for tax purpose on payment basis (Net)	36.67	6.37	-	43.04
Allowance for doubtful debts and advances	0.38	-	-	0.38
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	6.79	(1.73)	-	5.06
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	1.68	-	0.17	1.85
Remeasurement benefit of the defined benefit plans through OCI	(0.91)	-	(2.84)	(3.75)
Difference in carrying value and tax base of investments measured at FVTPL	(9.83)	(2.92)	-	(12.75)
Deferred tax (expense)/benefit		**(41.33)**	**(2.67)**	
Net Deferred tax liabilities	**(217.17)**			**(261.17)**

The Company has the following unused tax losses which arose on incurrence of capital losses under the Income Tax Act, 1961, for which no deferred tax asset has been recognised in the balance sheet.

(₹ in Crores)

Financial Year	As at 31.03.2018	Expiry Date	As at 31.03.2017	Expiry Date
2014-2015	-		2.89	31st March, 2024
TOTAL	-		**2.89**	

Notes to the Financial Statements

NOTE 19 : OTHER LIABILITIES

(₹ in Crores)

		Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(a)	**Revenue received in advance**				
	Advance received from customers	-	-	6.24	10.29
(b)	**Others**				
	Statutory payables -				
	Payable towards Central Sales Tax and VAT	-	-	-	137.29
	Payable towards Excise and Service Tax	-	-	-	34.50
	Payable towards TDS under Income Tax	-	-	23.57	17.97
	Payable towards Provident Fund, Profession Tax and ESIC	-	-	6.19	5.20
	Payable towards GST	-	-	207.93	-
	Deferred income arising from government grant (Refer Note 15)	2.61	3.65	1.06	1.07
		2.61	3.65	238.75	196.03
TOTAL		**2.61**	**3.65**	**244.99**	**206.32**

NOTE 20 : TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2018	As at 31.03.2017
Trade Payables (including Acceptances)*		
Due to Micro and Small Enterprises (Refer Note 36)	34.82	26.59
Due to others	1,816.68	1,644.67
TOTAL	**1,851.50**	**1,671.26**

* Acceptances include arrangements where operational suppliers of goods and services are initially paid by banks while the Company continues to recognise the liability till settlement with the banks which are normally effected within a period of 90 days amounting to ₹ 165.42 crores (Previous year ₹ 197.50 crores).

NOTE 21 : CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2018	As at 31.03.2017
Provision for Income Tax (net)	51.06	55.32
TOTAL	**51.06**	**55.32**

Notes to the Financial Statements

NOTE 22 : REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2017-18	Year 2016-17
(A) Revenue from sale of products (including excise duty)		
Home market (net of returns)	16,333.90	15,933.80
Exports	74.35	63.70
Turnover	**16,408.25**	**15,997.50**
Less: Discounts	2,092.12	1,842.96
TOTAL	**14,316.13**	**14,154.54**
(B) Revenue from sale of services		
Revenue from home solutions operations	9.73	4.70
Colour consultancy income	3.31	2.89
TOTAL	**13.04**	**7.59**
(C) Other operating revenues		
Processing and service income	59.21	53.07
Scrap sales	8.81	8.61
Subsidy from state government (Refer Note 41)	162.36	136.62
TOTAL	**230.38**	**198.30**
TOTAL (A+B+C)	**14,559.55**	**14,360.43**

Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue 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 Ended 31.03.2018	Year Ended 31.03.2017
Revenue from operations (A)	14,559.55	14,360.43
Excise duty on sale (B)	405.84	1,637.67
Revenue from operations excluding excise duty on sale (A-B)	14,153.71	12,722.76

Notes to the Financial Statements

NOTE 23 : OTHER INCOME

(₹ in Crores)

		Year 2017-18	Year 2016-17
(a)	**Interest Income**		
	Investments in debt instruments measured at fair value through OCI	5.80	5.57
	Other Financial assets carried at amortised cost	19.74	16.09
		25.54	**21.66**
(b)	**Dividend Income**		
	Dividends from quoted equity investments measured at fair value through OCI*	5.29	14.87
	Dividends from subsidiary companies (Refer Note 43)	6.10	5.08
	Dividends from mutual fund investments measured at FVTPL	31.27	56.96
		42.66	**76.91**
(c)	**Other non-operating income**		
	(i) Insurance claims received	0.46	0.29
	(ii) Royalty received		
	- From subsidiaries and associate	47.59	40.12
	- From Others	0.08	0.17
		47.67	**40.29**
	(iii) Net gain arising on financial assets measured at FVTPL#	54.33	67.65
	(iv) Others	66.83	76.60
		169.29	**184.83**
(d)	**Other gains and losses**		
	Net foreign exchange gain	40.01	15.98
	Net gain on sale of property, plant and equipment	-	0.79
		40.01	**16.77**
TOTAL		**277.50**	**300.17**

* Relates to investments held at the end of reporting period

\# Includes gain on sale of financial assets measured at FVTPL for ₹ 10.48 crores (Previous year ₹ 15.45 crores).

Notes to the Financial Statements

NOTE 24 (A) COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2017-18	Year 2016-17
Raw Materials Consumed		
Opening Stock	597.94	534.34
Add : Purchases	6,041.21	5,629.73
	6,639.15	**6,164.07**
Less: Closing Stock	728.16	597.94
	5,910.99	**5,566.13**
Packing Materials Consumed		
Opening Stock	36.32	40.13
Add : Purchases	1,192.44	1,167.51
	1,228.76	**1,207.64**
Less : Closing Stock	39.59	36.32
	1,189.17	**1,171.32**
TOTAL COST OF MATERIALS CONSUMED	**7,100.16**	**6,737.45**
NOTE 24 (B) PURCHASES OF STOCK-IN-TRADE	**742.57**	**646.53**
NOTE 24 (C) CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS		
Stock at the beginning of the year		
Finished Goods (including goods in transit)	1,233.30	778.41
Work-in-Progress	74.80	64.47
Stock-in-trade- acquired for trading (including goods in transit)	185.38	135.02
TOTAL	**1,493.48**	**977.90**
Stock at the end of the year		
Finished Goods (including goods in transit)	1,019.08	1,233.30
Work-in-Progress	95.60	74.80
Stock-in-trade- acquired for trading (including goods in transit)	224.68	185.38
TOTAL	**1,339.36**	**1,493.48**
CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	**154.12**	**(515.58)**

NOTE 25 : EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Year 2017-18	Year 2016-17
Salaries and wages	679.24	642.44
Contribution to provident and other funds (Refer Note 40)	48.07	39.92
Staff welfare expenses	63.77	60.47
TOTAL	**791.08**	**742.83**

Notes to the Financial Statements

NOTE 26 : OTHER EXPENSES

(₹ in Crores)

	Year 2017-18	Year 2016-17
Consumption of stores, spares and consumables	42.93	42.66
Power and fuel	81.57	87.98
Processing charges	102.79	100.39
Repairs and maintenance:		
Buildings	21.60	12.17
Machinery	22.33	21.01
Other assets	52.72	53.07
	96.65	**86.25**
Rent (Refer Note 39)	219.56	195.56
Rates and taxes	22.31	42.46
Water charges	3.93	4.62
Insurance	6.86	6.89
Printing, stationery and communication expenses	44.89	47.82
Travelling expenses	81.08	100.95
Donations	0.56	2.49
Corporate social responsibility expenses (Refer Note 45)	46.51	47.84
Commission to Non Executive Directors	3.90	3.65
Directors' sitting fees	0.71	0.65
Payment to auditors (Refer Note 35)	1.49	2.25
Electricity expenses	10.05	9.58
Bank charges	2.76	3.44
Information technology expenses	54.52	44.74
Legal and professional expenses	34.94	37.87
Training and recruitment	36.73	45.61
Freight and handling charges	892.51	829.41
Advertisement expenses	558.24	516.50
Bad debts written off	3.85	2.11
Allowance for doubtful debts and advances (net)	4.84	2.51
Security expenses	30.35	27.53
Loss on sale of Assets (Net)	2.91	-
Miscellaneous expenses	71.99	73.28
TOTAL	**2,459.43**	**2,365.04**

NOTE 27 : FINANCE COSTS

(₹ in Crores)

	Year 2017-18	Year 2016-17
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	0.06	0.08
(b) Interest on bill discounting	17.51	16.81
(c) Interest on loan from State of Haryana	0.91	0.50
(d) Other Interest expense	1.08	0.51
Total interest expense for financial liabilities carried at amortised cost	**19.56**	**17.90**
Interest on income tax	1.50	0.96
TOTAL	**21.06**	**18.86**

Notes to the Financial Statements

NOTE 28 : DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

	Year 2017-18	Year 2016-17
Depreciation of Property, Plant and Equipment (Refer Note 2)	283.23	269.50
Amortisation of Intangible assets (Refer Note 3B)	27.88	25.93
TOTAL	**311.11**	**295.43**

NOTE 29(A) : CATERGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

(₹ in Crores)

Financial assets/ financial liabilities	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)D & 4(II)	190.07	443.31	1,030.01	1,315.40
Investments in unquoted equity shares	4(I)(A)(b)(iii)	1.07	1.07	-	-
		191.14	**444.38**	**1,030.01**	**1,315.40**
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares#	4(I)(A)(a)	445.37	454.74	-	-
Investments in quoted debentures or bonds	4(I)C	80.47	80.28	-	-
		525.84	**535.02**	**-**	**-**
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)(B)	*	*	-	-
Sundry deposits	5	79.08	70.27	12.17	13.55
Royalty receivable	6	-	-	41.40	43.13
Due from subsidiary companies	6	-	-	14.11	11.68
Due from associate company	6	-	-	4.97	3.32
Subsidy receivable from state government	6	87.79	44.04	239.42	241.11
Term deposits held as margin money against bank guarantee and other commitments	6	0.06	0.05	-	-
Bank deposits with more than 12 months original maturity	6	56.90	153.96	166.05	15.64
Interest accrued on investments in debentures or bonds measured at FVTOCI	6	-	-	3.38	3.45
Quantity discount receivable	6	-	-	157.90	155.74
Trade receivables	10	-	-	1,138.20	994.63
Cash and Cash Equivalents	11A	-	-	106.70	62.01
Other Bank Balances	11B	-	-	14.14	143.93
		223.83	**268.32**	**1,898.44**	**1,688.19**
Financial liabilities measured at fair value through profit or loss					
Forward exchange contract (net)	16	-	-	-	2.44
		-	**-**	**-**	**2.44**

Notes to the Financial Statements

NOTE 29(A) : CATERGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS (Contd.)

(₹ in Crores)

Financial assets/ financial liabilities	Refer Note	Non-Current		Current	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Financial liabilities measured at amortised cost					
Loan from State of Haryana	15	9.87	10.38	1.42	1.98
Loans repayable on demand - Bank overdraft	15	-	-	-	26.84
Unpaid/Unclaimed dividend	16	-	-	14.11	11.51
Unclaimed amount of sale proceeds of fractional coupons of bonus shares issued in earlier years	16	-	-	0.04	0.04
Retention monies relating to capital expenditure	16	0.65	2.31	75.26	29.59
Payable towards capital expenditure	16	-	-	204.63	40.74
Payable towards services received	16	-	-	270.04	205.63
Payable towards stores, spares and consumables	16	-	-	8.24	37.93
Payable to employees	16	-	-	128.04	130.17
Payable towards other expenses	16	-	-	506.78	419.96
Trade payables (including Acceptances)	20	-	-	1,851.50	1,671.26
TOTAL		**10.52**	**12.69**	**3,060.06**	**2,575.65**

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

* ₹ 39,500/-

NOTE 29(B) : FAIR VALUE MEASUREMENTS

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

As at 31st March, 2018 (₹ in Crores)

Financial assets/ financial liabilities	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)	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))	1,220.08	1,220.08	-	-
Investments in unquoted equity shares (Refer Note 4(I)(A)(b)(iii))	1.07	-	-	1.07

Notes to the Financial Statements

NOTE 29(B) : FAIR VALUE MEASUREMENTS (Contd.)

As at 31st March, 2017 (₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2017	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))	454.74	454.74	-	-
Investments in quoted debentures or bonds (Refer Note 4(I)C)	80.28	80.28	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer Note 4(I)D & 4(II))	1,758.71	1,758.71	-	-
Investments in unquoted equity shares (Refer Note 4(I)(A)(b)(iii))	1.07	-	-	1.07
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract (net) (Refer Note 16)	2.44	2.44	-	-

(ii) Financial Instrument measured at Amortised Cost

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

NOTE 29(C) : FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Company formulated by the Risk Management Committee and approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

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

1) Market Risk

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

Notes to the Financial Statements

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

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

b) Foreign Currency Risk

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

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

(₹ in Crores)

Currency	Liabilities		Assets	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
USD	435.42	402.68	135.89	120.75
EUR	78.65	30.21	106.88	18.53
GBP	6.64	3.13	3.20	0.54
SEK	0.05	1.20	-	-
SGD	0.74	0.11	0.86	0.34
JPY	-	0.02	3.52	-
Others	0.38	0.46	0.42	0.75
	521.88	**437.81**	**250.77**	**140.91**

The above table represents total exposure of the Company towards foreign exchange denominated liabilities (net). The details of exposures hedged using forward exchange contracts are given as a part of Note 37(a) and the details of unhedged exposures are given as part of Note 37(b).

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in Crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2017-18	Year 2016-17	As at 31.03.2018	As at 31.03.2017
+5%	(9.90)	(9.52)	(9.90)	(9.52)
-5%	9.90	9.52	9.90	9.52

c) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments and bonds. The Company is exposed to price risk arising mainly from investments in equity instruments recognised at FVTOCI. As at 31st March, 2018, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 445.37 crores (Previous year ₹ 454.74 crores). The details of such investments in equity instruments are given in Note 4 (I)(A)(a).

Notes to the Financial Statements

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

The Company is also exposed to price risk arising from investments in bonds recognised at FVTOCI. As at 31st March, 2018, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 80.47 crores (Previous year ₹ 80.28 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).

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

If the equity prices had been higher/lower by 10% from the market prices existing as at 31st March, 2018, Other Comprehensive Income for the year ended 31st March, 2018 would increase by ₹ 41.27 crores and decrease by ₹ 44.54 crores respectively (2016-17 ₹ 45.47 crores) with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2018. 10% represents management's assessment of reasonably possible change in equity prices.

2) Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, derivative financial instruments, other balances with banks, loans and other receivables. The Company's exposure to credit risk is disclosed in note 4 (except equity shares and bonds), 5, 6, 10 and 11B.

The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

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

The average credit period on sales of products is less than 30 days. Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5% of the total balance of trade receivables.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is 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	31.03.2018	31.03.2017
Balance at the beginning of the year	12.63	10.12
Loss allowance measured at lifetime expected credit losses	2.79	2.51
Balance at the end of the year	15.42	12.63

Notes to the Financial Statements

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

3) Liquidity Risk

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

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

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

(₹ in Crores)

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
At 31st March, 2018					
Borrowings (Refer Note 15)	-	13.80	-	13.80	9.87
Trade Payables (Refer Note 20)	1,851.50	-	-	1,851.50	1,851.50
Other financial liabilities (Refer Note 16)	1,208.56	0.65	-	1,209.21	1,209.21
At 31st March, 2017					
Borrowings (Refer Note 15)	26.84	15.22	-	42.06	37.22
Trade Payables (Refer Note 20)	1,671.26	-	-	1,671.26	1,671.26
Derivative financial liabilities (Refer Note 16)	2.44	-	-	2.44	2.44
Other financial liabilities (Refer Note 16)	877.55	2.31	-	879.86	879.86

NOTE 29(D) : CAPITAL MANAGEMENT

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

As at 31st March, 2018, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

NOTE 30 : DIVIDEND

(₹ in Crores)

	Year 2017-18	Year 2016-17
Dividend on equity shares paid during the year		
Final dividend for the FY 2016-17 [₹ 7.65 (Previous year ₹ 5.30) per equity share of ₹ 1 each]	733.79	508.37
Dividend distribution tax on final dividend	147.89	102.68
Interim dividend for the FY 2017-18 [₹ 2.65 (Previous year ₹ 2.65) per equity share of ₹1 each]	254.19	254.19
Dividend distribution tax on interim dividend	51.55	51.65
TOTAL	**1,187.42**	**916.89**

Notes to the Financial Statements

NOTE 30 : DIVIDEND (Contd.)

Proposed Dividend:

The Board of Directors at its meeting held on 10th May, 2018 have recommended a payment of final dividend of ₹ 6.05 (Rupees six and paise five only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2018. The same amounts to ₹ 699.60 crores including dividend distribution tax of ₹ 119.29 crores.

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

NOTE 31 : MERGER OF ASIAN PAINTS (INTERNATIONAL) LIMITED, MAURITIUS WITH THE COMPANY

During the year, the National Company Law Tribunal had approved the scheme of amalgamation ('The Scheme') between the Company and Asian Paints (International) Limited ('APIL'), Mauritius, a wholly owned subsidiary of the Company. The Scheme became effective from 15th January, 2018 on completion of all regulatory formalities. In accordance with Ind AS 103-*Business combination*, the financial statements of the Company for the previous financial year 2016-17 have been restated with effect from 1st April, 2016 (being the earliest period presented).

APIL was an investment holding company which 'interalia' held investments in Asian Paints International Private Limited ('APIPL') (formerly known as Berger International Private Limited), a subsidiary of the Company. As per the Scheme, all assets, liabilities and reserves of APIL appearing as at 1st April, 2016 are recognized in the books of the Company at their respective carrying values, as detailed below. On account of this merger, APIPL is now direct subsidiary of the Company (Refer Note 4).

(₹ in crores)

	As at 1st April, 2016
Cash and Cash Equivalents	1.25
Investments - Non-current (in Asian Paints International Private Limited)	389.95
Other financial assets - Non-current	16.56
Other assets - Current	0.26
Other financial assets - Current	11.43
Borrowings - Current	(15.75)
Other financial liabilities - Current	(2.31)
Total Net Assets Acquired (A)	**401.39**
Retained earnings acquired (B)	100.77
Investment in APIL appearing in the financial statements of the Company (C)	256.24
Capital Reserve (A-B-C)	**44.38**

The impact of the merger on the Statement of Profit and Loss of the Company for the current year and previous year is not material.

Notes to the Financial Statements

NOTE 32 : CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent Liabilities

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
1. Letters of comfort issued to banks on behalf of one of its indirect subsidiary	6.76	6.90
2. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	179.04	237.15
ii. Others	26.46	16.96

b) Commitments

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	740.20	1,145.04
ii. Towards Intangible Assets	18.96	2.65
	759.16	**1,147.69**
2. Letters of Credit and Bank guarantees issued by bankers and outstanding as on 31st March, 2018. [Pertaining to capital goods - ₹ 78.62 crores as at 31st March, 2018 (₹ 0.98 crores as at 31st March, 2017]	137.08	54.94
3. For Lease commitments, Refer Note 39B (b)		
4. For derivative contract related commitments, Refer Note 37 (a)		

NOTE 33 : EXPENDITURE ON RESEARCH AND DEVELOPMENT

a) Revenue Expenditure

(₹ in Crores)

	2017-18	2016-17
Employee Cost	47.11	44.73
Depreciation on Equipment and Building	6.84	6.45
Travelling Expenditure	1.62	3.04
Testing and Laboratory Expenditure	1.28	1.52
Power and Fuel	3.10	3.11
Stores and Spares	0.77	0.78
Repairs and Maintenance	1.66	1.93
Materials Consumed	0.51	0.46
Others	13.33	13.04
TOTAL	**76.22**	**75.06**

An amount of ₹ 1.66 crores (Previous Year ₹ 0.92 crores) has been recovered from the Company's associate towards Research and Development activity carried out on their behalf.

Notes to the Financial Statements

NOTE 33 : EXPENDITURE ON RESEARCH AND DEVELOPMENT (Contd.)

b) Capital Expenditure

(₹ in Crores)

	2017-18	2016-17
- For Turbhe Research and Development facility	41.70	30.95
- For Cochin Research and Development facility (Land & civil work)	0.07	-
TOTAL	**41.77**	**30.95**

NOTE 34 : 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, 2018 is as follows:

(₹ in Crores)

	Provision for Excise *		Provision for Sales tax **	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Opening Balance	0.58	0.96	21.65	22.65
Additions	0.13	0.48	5.42	1.39
Utilizations	-	(0.02)	-	-
Reversals	-	(0.84)	(2.29)	(2.39)
Closing Balance	**0.71**	**0.58**	**24.78**	**21.65**

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

* Excise provisions made towards matters disputed at various appellate levels.

** Sales tax provisions made towards non receipt of C Forms and towards matters disputed at various appellate levels.

NOTE 35 : PAYMENT TO AUDITORS - (Excluding Service Tax and GST)

(₹ in Crores)

	2017-18	2016-17*
Statutory audit fee	0.94	1.50
Taxation Matters	0.17	0.13
Certification fees and other services	0.23	0.52
For reimbursement of expenses	0.15	0.10
TOTAL	**1.49**	**2.25**

* Includes remuneration paid to erstwhile auditors.

Notes to the Financial Statements

NOTE 36 : Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2017-18, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Crores)

		As at 31.03.2018	As at 31.03.2017
(i)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprise	34.82	26.59
	Interest due on above	-	-
(ii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE 37 : DETAILS OF HEDGED AND UNHEDGED EXPOSURE IN FOREIGN CURRENCY DENOMINATED MONETARY ITEMS

a) Exposure in foreign currency - Hedged

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2018	-	-	-
Forward contract to buy USD - As at 31.03.2017	39.00	21.13	139.88

b) Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2018 are as under:

Currency	Payable (In millions FC)		Receivable (In millions FC)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
USD	66.80	40.52	20.85	18.56
EUR	9.77	4.41	13.28	2.67
SGD	0.15	0.02	0.17	0.07
GBP	0.72	0.39	0.35	0.07
SEK	0.07	1.65	-	-
JPY	-	0.34	57.48	-
Others	0.06	0.07	0.06	0.13

Notes to the Financial Statements

NOTE 37 : DETAILS OF HEDGED AND UNHEDGED EXPOSURE IN FOREIGN CURRENCY DENOMINATED MONETARY ITEMS (Contd.)

b) Exposure in foreign currency - Unhedged (Contd.)

Currency	Payable (₹ in Crores)		Receivable (₹ in Crores)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
USD	435.42	262.80	135.89	120.38
EUR	78.65	30.54	106.88	18.53
SGD	0.74	0.10	0.86	0.34
GBP	6.64	3.13	3.20	0.54
SEK	0.05	1.20	-	-
JPY	-	0.02	3.52	-
Others	0.38	0.46	0.42	0.75
TOTAL	**521.88**	**298.25**	**250.77**	**140.54**

NOTE 38 : (A) DISCLOSURE AS PER REGULATION 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

(₹ in Crores)

Name of the party	Relationship	Amount outstanding as at 31.03.2018	Amount outstanding as at 31.03.2017	Maximum balance outstanding during the year 31.03.2018	Maximum balance outstanding during the year 31.03.2017
Maxbhumi Developers Limited	Wholly Owned Subsidiary Company	-	-	-	0.30

The above loan was given to the subsidiary for its business activities (Refer Note 43).

NOTE 38 : (B) DISCLOSURE AS PER SECTION 186 OF THE COMPANIES ACT, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made are given in Note 4(I)(A)(b)(i) and 4(I)(A)(b)(ii).

(ii) There are no guarantees issued or loans given by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued thereunder.

NOTE 39 : PURSUANT TO Ind AS-17 - 'LEASES', THE FOLLOWING INFORMATION IS DISCLOSED

A. Assets given on operating lease

The Company does not have any assets given on operating lease during the reporting period.

B. Assets taken on operating lease

a) The Company has taken certain assets such as Vehicles, Computers, Information Technology hardware and Office space on operating lease. The lease rentals are payable by the Company on a monthly or quarterly basis.

Notes to the Financial Statements

NOTE 39 : PURSUANT TO Ind AS-17 - 'LEASES', THE FOLLOWING INFORMATION IS DISCLOSED (Contd.)

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

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
i) Not later than one year	20.28	15.67
ii) Later than one year and not later than five years	25.53	19.46
iii) Later than five years	14.38	-
TOTAL	**60.19**	**35.13**

c. Lease payments recognised in the Statement of Profit and Loss for the year is ₹ 219.56 crores (Previous year ₹ 195.56 crores)

NOTE 40 : EMPLOYEE BENEFITS

1) Post-employment benefits :

The Company has the following post-employment benefit plans:

a) Defined benefit gratuity plan (Funded)

The Company has defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund. It is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

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

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

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

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

b) Defined benefit pension plan (Unfunded)

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

c) Defined benefit post-retirement medical benefit plan (Unfunded)

The Company operates a defined post retirement medical benefit plan for certain specified employees and payable upon the employee satisfying certain conditions.

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

Notes to the Financial Statements

NOTE 40 : EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

c) Defined benefit post-retirement medical benefit plan (Unfunded) (Contd.)

Investment 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 bonds.
Interest Risk	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.

The most recent actuarial valuation of the plan assets and the present value of defined obligation (except pension) were carried out as at 31st March, 2018 by Mr Saket Singhal, Fellow of the Institute of Actuaries of India.
The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The following tables summarise the components of defined benefit expense recognised in the statement of profit or loss/OCI and the funded status and amounts recognised in the balance sheet for the respective plans:

(₹ in Crores)

		Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(i)	**Opening defined benefit obligation**	154.74	145.24	1.90	2.28	1.42	1.29
(ii)	Current service cost	11.94	9.99	-	-	0.06	0.06
(iii)	Interest cost	11.27	11.32	0.24	0.05	0.10	0.13
(iv)	Past Service Cost	4.18	-	-	-	-	-
(v)	**Sub-total included in Statement of Profit and Loss (ii+iii+iv)**	**27.39**	**21.31**	**0.24**	**0.05**	**0.16**	**0.19**
(vi)	Actuarial loss/(gain) from changes in financial assumptions	(7.45)	6.50	(0.05)	0.04	(0.11)	0.09
(vii)	Actuarial loss/(gain) from changes in demographic assumptions	(3.27)	-	-	-	0.01	-
(viii)	Experience adjustment	(2.99)	(9.44)	0.05	(0.04)	0.10	(0.09)
(ix)	**Sub-total included in other comprehensive income (vi+vii+viii)**	**(13.71)**	**(2.94)**	-	-	-	-
(x)	Benefits paid	(10.34)	(8.87)	(0.38)	(0.43)	(0.06)	(0.06)
(xi)	**Closing defined benefit obligation (i+v+ix+x)**	**158.08**	**154.74**	**1.76**	**1.90**	**1.52**	**1.42**
(xii)	**Opening fair value of plan assets**	**162.96**	**145.03**	-	-	-	-
(xiii)	Expected return on plan assets	11.56	11.31	-	-	-	-
(xiv)	**Sub-total included in Statement of Profit and Loss (xiii)**	**11.56**	**11.31**	-	-	-	-
(xv)	Actuarial (loss)/gains	(1.42)	5.28	-	-	-	-
(xvi)	**Sub-total included in other comprehensive income (xv)**	**(1.42)**	**5.28**	-	-	-	-
(xvii)	Contributions by employer	-	10.21	-	-	-	-
(xviii)	Benefits paid	(10.34)	(8.87)	-	-	-	-
(xix)	**Closing fair value of plan assets (xii+xiv+xvi+xvii+xviii)**	**162.76**	**162.96**	-	-	-	-
(xx)	**Net (Asset)/ Liability (xix-xi)**	(4.68)	(8.22)	1.76	1.90	1.52	1.42
	Expense recognised in:						
(xxi)	**Statement of profit and loss (v-xiv)**	15.83	10.00	0.24	0.05	0.16	0.19
(xxii)	**Statement of other comprehensive income (ix-xv)**	(12.29)	(8.22)	-	-	-	-

Notes to the Financial Statements

NOTE 40 : 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)

	Gratuity (Funded Plan) As at 31.03.2018	Gratuity (Funded Plan) As at 31.03.2017
Government of India securities (Central and State)	89.21	88.05
High quality corporate bonds (including Public Sector Bonds)	64.51	64.81
Equity shares, Equity mutual funds and ETF	4.76	2.51
Cash (including liquid mutual funds)	0.02	1.11
Others	4.27	6.49

The principal assumptions used in determining gratuity, pension and post-retirement medical benefit obligations for the Company's plans are shown below:

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Discount Rate	7.81%	7.31%	7.81%	7.31%	7.81%	7.31%
Salary Escalation Rate	All Grades- 9% for first 2 years 8% thereafter	All Grades- 11% for first year 10% for next 3 years 8% thereafter	-	-	-	-

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

(₹ in Crores)

	Gratuity (Funded Plan)		Pension (Unfunded Plan)		Post-Retirement Medical (Unfunded Plan)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Defined Benefit Obligation - Discount Rate + 100 basis points	(11.44)	(13.99)	(0.09)	(0.09)	(0.21)	(0.20)
Defined Benefit Obligation - Discount Rate - 100 basis points	12.14	14.12	0.09	0.09	0.22	0.20
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	11.13	12.44	-	-	-	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(10.89)	(12.17)	-	-	-	-

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

Notes to the Financial Statements

NOTE 40 : EMPLOYEE BENEFITS (Contd.)

1) Post-employment benefits : (Contd.)

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.57 years. (Previous year 11.17 years)

The Company expects to make a contribution of ₹ 6.88 crores (Previous year ₹ 3.72 crores) to the defined benefit plans during the next financial year.

d) Provident Fund

The Provident Fund assets and liabilities are managed by 'Asian Paints Office Provident Fund' and 'Asian Paints Factory Employees Provident Fund' in line with The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at 31st March, 2018.

The Company contributed ₹ 12.82 crores (Previous Year ₹ 11.76 crores) towards Asian Paints Office Provident Fund during the year ended 31st March, 2018. The Company contributed ₹ 6.89 crores (Previous Year ₹ 6.11 crores) towards Asian Paints Factory Employees Provident Fund during the year ended 31st March, 2018.

The details of the Asian Paints Office Provident Fund and plan assets position as at 31st March, 2018 is given below:

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
Present value of benefit obligation at year end	260.14	230.98
Plan assets at year end, at fair value, restricted to	260.14	230.98
Asset recognized in balance sheet	-	-

The details of the Asian Paints Factory Employees Provident Fund and plan assets position as at 31st March, 2018 are given below:

(₹ in Crores)

	As at 31.03.2018	As at 31.03.2017
Present value of benefit obligation at year end	201.67	184.38
Plan assets at year end, at fair value, restricted to	201.67	184.38
Asset recognized in balance sheet	-	-

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

	As at 31.03.2018	As at 31.03.2017
Discounting Rate	7.81%	7.31%
Expected Guaranteed interest rate	8.55%*	8.65%

* Rate mandated by EPFO for the FY 2017-18 and the same is used for valuation purpose.

Notes to the Financial Statements

NOTE 40 : EMPLOYEE BENEFITS (Contd.)

2) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2018 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in decrease in liability by ₹ 1.02 crores. (Previous Year- increased by ₹ 14.61 crores)

(a) Financial Assumptions

	As at 31.03.2018	As at 31.03.2017
Discount Rate	7.81%	7.31%
Basic salary increases allowing for Price inflation	All Grades- 9% for first 2 years 8% thereafter	All Grades 11.00% for first year 10.00% for next 3 years 8.00% thereafter

(b) Demographic Assumptions

	As at 31.03.2018	As at 31.03.2017
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	Upto 34yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs - 1.80%	Upto 44yrs - 5.00%, Above 44yrs - 2.00%
Leave Availment Ratio	5%	5%

NOTE 41 : 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 ₹ 162.36 crores (Previous year ₹ 136.53 crores) for year ended 31st March, 2018 is credited to the Statement of Profit and Loss and included under the head "Other operating income" on accrual basis.

NOTE 42 : EARNINGS PER SHARE

		2017-18	2016-17
a)	Basic and diluted earnings per share in rupees (face value – ₹1 per share)* (In ₹)	19.75	18.78
b)	Profit after tax as per Statement of Profit and Loss (₹ in Crores)	1,894.80	1,801.72
c)	Weighted average number of equity shares outstanding during the year	95,91,97,790	95,91,97,790

* Earning per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018.

a) Associates:

PPG Asian Paints Private Limited

Wholly owned subsidiaries of PPG Asian Paints Private Limited:

a) Revocoat India Private Limited (w.e.f. 1st April, 2016)

b) PPG Asian Paints Lanka Private Limited

c) Faaber Paints Private Limited (Upto 31st May, 2016)

b) Subsidiaries : (where control exists)

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Asian Paints (Nepal) Private Limited	Nepal	51.00	51.00
Asian Paints Industrial Coatings Limited	India	100.00	100.00
Asian Paints International Private Limited * (Refer Note 31)	Singapore	100.00	100.00
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited (Refer Note 4)	India	100.00	-
Maxbhumi Developers Limited	India	100.00	100.00
Sleek International Private Limited (Refer Note 4)	India	100.00	51.00
Asian Paints PPG Private Limited	India	50.00	50.00

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

Indirect Subsidiaries:

i) Subsidiaries of Asian Paints International Private Limited, Singapore

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Berger Paints Singapore Pte Limited	Singapore	100.00	100.00
Enterprise Paints Limited	Isle of Man, U.K.	100.00	100.00
Universal Paints Limited	Isle of Man, U.K.	100.00	100.00
Lewis Berger (Overseas Holdings) Limited##	U.K.	-	100.00
Kadisco Paint and Adhesive Industry Share Company	Ethiopia	51.00	51.00
PT Asian Paints Indonesia	Indonesia	100.00	100.00
PT Asian Paints Color Indonesia	Indonesia	100.00	100.00
Asian Paints (Tonga) Limited	Kingdom of Tonga	100.00	100.00
Asian Paints (South Pacific) Pte Limited	Fiji Islands	54.07	54.07
Asian Paints (S.I.) Limited	Solomon Islands	75.00	75.00
Asian Paints (Bangladesh) Limited	Bangladesh	89.78	89.78
Asian Paints (Middle East) LLC	Sultanate of Oman	49.00	49.00
SCIB Chemicals S.A.E.	Egypt	60.00	60.00
Samoa Paints Limited	Samoa	80.00	80.00
Asian Paints (Vanuatu) Limited	Republic of Vanuatu	60.00	60.00
Asian Paints (Lanka) Limited	Sri Lanka	99.18	99.18
Causeway Paints Lanka (Pvt.) Ltd.#	Sri Lanka	100.00	-

\# On 3rd April, 2017, Asian Paints International Private Limited, Singapore ('APIPL'), wholly owned subsidiary of the Company acquired 100% controlling stake in Causeway Paints Lanka (Pvt.) Ltd. ('CPLPL').

\## On 16th June, 2017, Asian Paints International Private Limited, Singapore ('APIPL'), wholly owned 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 Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

ii) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Nirvana Investments Limited	Isle of Man, U.K.	100.00	100.00

iii) Subsidiary of Nirvana Investments Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Berger Paints Emirates LLC	U.A.E.	100.00	100.00

iv) Subsidiary of Universal Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Berger Paints Bahrain W.L.L.	Bahrain	100.00	100.00

v) Subsidiaries of Lewis Berger (Overseas Holdings) Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2018	% of Holding as at 31.03.2017
Berger Paints Jamaica Limited*	Jamaica	-	51.00
Berger Paints Trinidad Limited*	Trinidad	-	70.00
Berger Paints Barbados Limited*	Barbados	-	100.00

* On 16th June 2017, Asian Paints International Private Limited, Singapore ('APIPL'), wholly owned 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.

c) Key Managerial Personnel:

Name	Designation
Shri. K. B. S. Anand	Managing Director & CEO
Shri. Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs

Non-Executive Directors	
Shri. Ashwin Choksi	Dr. S. Sivaram
Shri. Ashwin Dani	Shri. Mahendra Shah
Shri. Abhay Vakil	Shri. S. Ramadorai
Shri. Mahendra Choksi	Shri. M.K. Sharma
Shri. Malav Dani	Mrs. Vibha Paul Rishi
Ms. Amrita Vakil	Shri. R. Seshasayee (w.e.f. 23rd January, 2017)
Shri. Deepak Satwalekar	Shri. Dipankar Basu (Upto 1st January, 2017)

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

d) Relatives of Key Managerial Personnel who are under the employment of the Company:

Shri. Jalaj Dani*

Shri. Manish Choksi

Shri. Varun Vakil

* Shri. Jalaj Dani, a relative of Company's Non-Executive Vice Chairman resigned from the services of the Company w.e.f. 3rd April, 2017

e) Entities where Directors/Relatives of Directors having control/significant influence:

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

* w.e.f. 12th February, 2018
\# Formerly known as Hitech Plast Ltd.

f) Other entities where significant influence exist:

i) Post employment-benefit plan entity:

Asian Paints (India) Limited Employees' Gratuity Fund

ii) Other:

Asian Paints Office Provident Fund (Employee benefit plan)

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

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

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

g) Details of related party transactions during the year ended 31st March, 2018:

(₹ in Crores)

	Associates		Subsidiaries		Key Managerial Personnel		Relatives of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Relatives		Other Entities where significant influence exist	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue from sale of products	15.27	9.29	44.63	34.88	-	-	-	-	0.14	1.11	-	-
Processing of goods (Income)	23.43	17.42	17.36	15.83	-	-	-	-	-	-	-	-
Royalty Income	3.94	3.99	45.08	38.06	-	-	-	-	-	-	-	-
Other non operating income	10.99	8.50	16.12	11.83	-	-	-	-	-	-	-	-
Sitting Fees Received (from subsidiaries for nominee directors)	-	-	0.55	0.72	-	-	-	-	-	-	-	-
Other services – Paid	-	-	0.33	0.01	-	-	-	-	0.04	0.11	-	-
Reimbursement of Expenses - received	0.24	0.17	16.66	14.31	-	-	-	-	-	-	-	-
Dividend received	-	-	6.10	5.08	-	-	-	-	-	-	-	-
Purchase of goods	0.02	0.02	0.95	0.84	-	-	-	-	426.58	368.36	-	-
Purchase of assets	-	-	-	-	-	-	-	-	0.44	-	-	-
Remuneration	-	-	-	-	14.43	12.94	4.49	6.44	-	-	-	-
Retiral benefits	-	-	-	-	0.21	0.22	2.32	-	-	-	-	-
Commission to Non-executive Directors	-	-	-	-	3.90	3.65	-	-	-	-	-	-
Sitting Fees Paid to Non-executive Directors	-	-	-	-	0.71	0.64	-	-	-	-	-	-
Reimbursement of Expenses - paid	1.73	-	1.45	1.31	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	40.59	31.33	64.68	48.14	416.30	323.11	-	-
Contributions during the year (includes Employees' share and contribution)	-	-	-	-	-	-	-	-	-	-	57.58	62.92
Investment made	-	-	-	16.65	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	-	-	-	-	0.88	-	-	-
Loan given	-	-	-	0.10	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	0.15	-	-
Outstanding as at 31st March												
Advances	-	-	-	-	-	-	-	-	0.73	-	-	-
Trade and other receivables	8.06	5.53	66.90	63.88	-	-	-	-	#	0.09	-	-
Trade and other payables	0.02	0.08	1.94	1.04	8.40	8.15	-	-	24.58	37.81	5.09	4.15

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Relatives- current year- ₹ 20,827/-

The Company has issued letters of comfort to banks on behalf of one of its operating subsidiaries from time to time and the financial support based on such letters is limited to ₹ 6.76 crores (Previous year ₹ 6.90 crores) as on 31st March, 2018.

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

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.
2. Trade and other receivables are unsecured, interest free and will be settled in cash. During the year ended 31st March, 2018, the Company has recorded an amount of ₹ 1.17 crores from Asian Paints (Bangladesh) Ltd. (Previous year ₹ 0.12 crores) and ₹ 0.51 crores from Asian Paints (Nepal) Pvt. Ltd. (previous year ₹ 0.13 crores) as provision for doubtful debts on account of receivables. As at 31st March, 2018, the provision for doubtful receivables is ₹ 1.69 crores for Asian Paints (Bangladesh) Ltd. (Previous year ₹ 0.52 crores) and ₹ 0.64 crores for Asian Paints (Nepal) Pvt. Ltd. (previous year ₹ 0.13 crores).

   The above mentioned assessment is undertaken each financial year through examining the financial position of related parties, the market in which related party operate and the accounting policy of the Company.
3. The Company had provided a loan to its wholly owned subsidiary, Maxbhumi Developers Limited for its business activities. The loan has been fully repaid during previous year. The loan was unsecured and was repayable in two years on demand. The loan carried an interest @ 9.55% p.a.

Compensation of key managerial personnel of the Company:

(₹ in Crores)

	2017-18	2016-17
Short-term employee benefits	19.04	17.23
Post-employment benefits	0.21	0.22
Termination benefits	-	-
Share-based payments	-	-
Total compensation paid to key managerial personnel	**19.25**	**17.45**

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

(₹ in Crores)

	2017-18	2016-17
Revenue from sale of products		
PPG Asian Paints Private Limited	15.27	9.29
Asian Paints PPG Private Limited	5.81	6.32
Asian Paints (Nepal) Private Limited	19.97	15.74
Asian Paints (Bangladesh) Limited	10.08	6.08
Others	8.91	7.85
	60.04	**45.28**
Processing of Goods (Income)		
PPG Asian Paints Private Limited	23.43	17.42
Asian Paints PPG Private Limited	17.36	15.83
	40.79	**33.25**
Royalty Income		
SCIB Chemicals S.A.E., Egypt	9.39	7.29
Asian Paints PPG Private Limited	7.22	7.17
Asian Paints (Bangladesh) Limited	8.45	7.46
Asian Paints International Private Limited	4.57	4.36
Asian Paints (Nepal) Private Limited	5.26	2.06
Others	14.13	13.71
	49.02	**42.05**

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

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

(₹ in Crores)

	2017-18	2016-17
Other non operating income		
PPG Asian Paints Private Limited	10.84	7.64
Asian Paints PPG Private Limited	6.56	5.24
Sleek International Private Limited	4.52	0.91
Others	5.20	6.54
	27.12	**20.33**
Sitting Fees Received (from subsidiaries for nominee directors)		
Asian Paints International Private Limited	0.55	0.72
	0.55	**0.72**
Other Services Paid		
Asian Paints International Private Limited	0.33	-
Asian Paints PPG Private Limited	-	0.01
ARI Designs LLP	0.04	0.11
	0.37	**0.12**
Reimbursement of Expenses – Received		
Asian Paints PPG Private Limited	5.16	2.99
Sleek International Private Limited	4.15	5.04
Asian paints International Private Limited	2.12	0.64
Others	5.47	5.81
	16.90	**14.48**
Dividend Received		
Asian Paints (Nepal) Private Limited	6.10	5.08
	6.10	**5.08**
Purchase of Goods		
Hitech Corporation Limited	266.69	234.00
Parekhplast India Limited	109.90	92.75
Others	50.96	42.47
	427.55	**369.22**
Purchase of Assets		
Addverb Technologies Pvt. Ltd.	0.44	-
	0.44	**-**
Remuneration		
Shri. K.B.S. Anand	10.57	9.72
Shri. Manish Choksi	3.48	3.06
Shri. Jalaj Dani	0.60	3.03
Shri. Jayesh Merchant	3.85	3.22
Others	0.42	0.35
	18.92	**19.38**
Retiral Benefits		
Shri. Jalaj Dani	2.32	-
Shri. Ashwin Choksi	0.07	0.08
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.07	0.07
	2.53	**0.22**

Notes to the Financial Statements

NOTE 43 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY Ind AS- 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2018. (Contd.)

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

(₹ in Crores)

	2017-18	2016-17
Commission to Non Executive Directors		
Shri. Mahendra Choksi	0.28	0.26
Shri. Ashwin Choksi	0.36	0.34
Shri. Ashwin Dani	0.32	0.30
Shri. Abhay Vakil	0.28	0.26
Shri. Malav Dani	0.30	0.28
Ms. Amrita Amar Vakil	0.28	0.26
Others	2.08	1.95
	3.90	**3.65**
Sitting Fees Paid to Non Executive Directors		
Shri. M. K. Sharma	0.08	0.08
Shri. Mahendra Shah	0.06	0.08
Shri. Mahendra Choksi	0.06	0.06
Shri. Abhay Vakil	0.07	0.06
Others	0.44	0.36
	0.71	**0.64**
Reimbursement of Expenses – Paid		
PPG Asian Paints Private Limited	1.73	-
Asian Paints International Private Limited	0.79	0.03
Berger Paints Emirates LLC	0.22	0.21
Asian Paints (Lanka) Limited	-	0.30
PT Asian Paints Indonesia	0.03	0.15
Others	0.41	0.62
	3.18	**1.31**
Dividend Paid		
Smiti Holding And Trading Company Private Limited	55.71	43.00
Sattva Holding and Trading Private Limited	54.47	42.04
Others	411.39	317.54
	521.57	**402.58**
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	33.28	30.56
Asian Paints Factory Employees Provident Fund	21.83	19.63
Asian Paints Management Cadres Superannuation Scheme	2.47	2.52
Asian Paints (India) Limited Employees' Gratuity Fund	-	10.21
	57.58	**62.92**
Investment made		
Asian Paints International Private Limited	-	16.65
	-	**16.65**
Advance Given		
Addverb Technologies Pvt. Ltd.	0.88	-
	0.88	**-**
Loan Given		
Maxbhumi Developers Limited	-	0.10
	-	**0.10**
Sale of Asset		
Resins & Plastics Limited	-	0.15
	-	**0.15**

Notes to the Financial Statements

NOTE 44 : SEGMENT REPORTING

Basis of Segmentation:

Factors used to identify the reportable segments:

The Company has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes. Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

Reportable Segment	Products/Services
Paints	Manufacturing and Trading of Paints and related services
Home Improvement	Manufacturing and Trading of Bath Fitting products and related services

The measurement principles of segments are consistent with those used in Significant Accounting Policies. There are no inter segment transfer.

(₹ in Crores)

	Year 2017-18			Year 2016-17		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
A. SEGMENT REVENUE	**14,397.90**	**161.65**	**14,559.55**	**14,210.14**	**150.29**	**14,360.43**
B. SEGMENT RESULT	**3,038.84**	**(19.03)**	**3,019.81**	**2,799.26**	**(18.53)**	**2,780.73**
C. SPECIFIED AMOUNTS INCLUDED IN SEGMENT RESULTS						
Depreciation and amortisation	262.62	0.82	263.44	251.89	1.03	252.92
Interest Income	0.71	-	0.71	0.66	-	0.66
Net foreign exchange loss	0.31	-	0.31	8.03	-	8.03
Finance costs	19.33	0.01	19.34	17.28	0.04	17.32
Dividend Income	6.10	-	6.10	5.08	-	5.08
D. RECONCILIATION OF SEGMENT RESULT WITH PROFIT AFTER TAX						
SEGMENT RESULT	**3,038.84**	**(19.03)**	**3,019.81**	**2,799.26**	**(18.53)**	**2,780.73**
Add/(Less):						
Interest Income			24.83			20.99
Depreciation and amortisation			(47.67)			(42.51)
Net foreign exchange gain			40.32			24.01
Dividend received			36.56			71.83
Net gain arising on financial assets measured at FVTPL			54.33			67.65
Finance costs			(1.72)			(1.54)
Income taxes			(971.03)			(855.00)
Other Un-allocable Expenses net of Un-allocable Income			(260.63)			(264.44)
PROFIT AFTER TAX AS PER STATEMEMT OF PROFIT AND LOSS			**1,894.80**			**1,801.72**

Notes to the Financial Statements

NOTE 44 : SEGMENT REPORTING (Contd.)

(₹ in Crores)

	31.03.2018			31.03.2017		
	Paints	Home Improvement	Total	Paints	Home Improvement	Total
E. OTHER INFORMATION						
Segment assets	8,158.24	151.66	8,309.90	6,659.67	112.98	6,772.65
Un-allocable assets			3,278.03			3,585.38
Total assets			**11,587.93**			**10,358.03**
Segment liabilities	3,313.86	50.48	3,364.34	2,752.56	55.02	2,807.58
Un-allocable liabilities			425.43			455.70
Total liabilities			**3,789.77**			**3,263.28**
Capital expenditure	1,388.82	2.41	1,391.23	342.57	1.47	344.04
Un-allocable capital expenditure			68.09			55.07
Total Capital Expenditure			**1,459.32**			**399.11**

(₹ in Crores)

	2017-18	2016-17
F. REVENUE FROM EXTERNAL CUSTOMERS		
India	14,485.20	14,296.73
Outside India	74.35	63.70
TOTAL REVENUE	14,559.55	14,360.43

All non-current assets of the Company are located in India.

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

NOTE 45 : CORPORATE SOCIAL RESPONSIBILITY EXPENSES

A. Gross amount required to be spent by the Company during the year 2017-18 - ₹ 46.43 crores (2016-17 - ₹ 39.88 crores)

B. Amount spent during the year on:

(₹ in Crores)

	2017-18			2016-17		
	In cash*	Yet to be paid in cash	Total	In cash*	Yet to be paid in cash	Total
i Construction/Acquisition of any assets	-	-	-	-	-	-
ii Purposes other than (i) above	44.16	2.35	46.51	46.51	1.33	47.84
	44.16	**2.35**	**46.51**	**46.51**	**1.33**	**47.84**
C. Related party transactions in relation to Corporate Social Responsibility:			NIL			NIL
D. Provision movement during the year:						
Opening provision			1.05			2.59
Addition during the year			0.62			1.05
Utilised during the year			(1.05)			(2.59)
Closing provision			**0.62**			**1.05**

*Represents actual outflow during the year.

NOTE 46 : The financial statements are approved for issue by the Audit Committee at its meeting held on 9th May 2018 and by the Board of Directors on 10th May, 2018.