Independent Auditors' Report

To the Members of Asian Paints Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Asian Paints Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

The Key Audit Matter	How was the matter addressed in our audit
Revenue recognition (Refer note 1.4 (f) and 22A of the Standalone Financial Statements)	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion insofar as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report, Report on Corporate governance and Business Responsibility report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act

Independent Auditors' Report (Contd.)

for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act

e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No 102912
UDIN: 20102912AAAADD9396

Mumbai
June 23, 2020

Annexure "A" to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Asian Paints Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No 102912
UDIN: 20102912AAAADD9396

Mumbai
June 23, 2020

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as Right of Use Assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. The inventory, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to one of its wholly owned subsidiary company, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2020 on account of disputes are given below:

Annexure B to the Independent Auditors' Report (Contd.)

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount under involved (₹ in crores)	Amount Unpaid (₹ In crores)
Income Tax	IT Matters under dispute	CIT (A)	A.Y. 2017-18	77.18	37.96
		CIT (A)	A.Y. 2016-17	67.40	51.24
		Tribunal/ CIT(A)	A.Y. 2015-16	13.92	6.05
		Tribunal/ CIT(A)	A.Y. 2014-15	9.72	-
		Tribunal/ CIT(A)	A.Y. 2013-14	2.61	-
		Tribunal/ CIT(A)	A.Y. 2012-13	2.92	-
		Assessing Officer	A.Y. 2006-07	0.82	-
		High Court	A.Y. 2007-08	0.09	0.09
		Tribunal	A.Y. 2009-10	0.11	0.11
		Tribunal	A.Y. 2010-11	0.13	0.13
		CIT (A)	A.Y. 2011-12	0.40	0.32
		Tribunal	A.Y. 2011-12	0.31	0.31
			Total (A)	**175.61**	**96.21**
Sales tax	Assessment Dues	Assessing Authority	F.Y. 2000-01 to F.Y. 2002-03, F.Y.2004-05 to F.Y. 2015-16, F.Y.2017-18	22.16	21.03
		First Appellate level	F.Y. 1995-96, F.Y. 1997 to F.Y. 1999, F.Y. 2000-01 to F.Y. 2017-18	35.10	27.99
		Tribunal	F.Y. 1991-92, F.Y. 1993-94, F.Y. 1996-97 to F.Y. 1999-00, F.Y. 2000-01 to F.Y. 2011-12, F.Y.2013-14	12.16	8.05
		High court	F.Y. 1993-94, F.Y. 1997-98, F.Y. 2000-01 to F.Y. 2009-10	1.78	0.93
		Supreme Court	F.Y. 1992-93, F.Y. 1993-94	0.16	0.16
			Total (B)	**71.36**	**58.16**
Central Excise Act, 1944 & Customs Act, 1962	Assessment Dues	First Appellate	F.Y. 1986-87, F.Y. 1996-97, Sep 13 to Nov 13, F.Y. 2015-16 F.Y. 2016-17, Apr-17 to Jun-17, F.Y. 2018-19	1.96	1.82
		Tribunal	F.Y. 2005-06 to F.Y. 2015-16	8.14	6.60
			Total (C)	**10.10**	**8.42**
			Total (A+B+C)	**257.07**	**162.79**

There are no dues of Customs duty which have not been deposited on account of dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of dues to bankers and government. The Company did not have any outstanding dues to financial institutions and debenture holders during the year.

ix. The Company did not have any term loans outstanding during the year. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No 102912
UDIN: 20102912AAAADD9396

Mumbai
June 23, 2020

Balance Sheet

as at 31st March, 2020

(₹ in Crores)

	Notes	As at 31.03.2020	As at 31.03.2019 (Restated)**	As at 01.04.2018 (Restated)**
ASSETS				
Non-Current assets				
Property, Plant and Equipment	2A	**4,148.60**	4,430.62	2,334.48
Right of Use Asset	2B	**726.63**	700.61	575.04
Capital work-in-progress		**108.09**	179.31	1,391.84
Goodwill	3A	**35.36**	35.36	35.36
Other Intangible Assets	3B	**50.27**	54.61	55.73
Investments in Subsidiaries and Associates	4	**1,176.99**	830.35	830.35
Financial Assets				
Investments	4	**1,048.59**	987.02	716.98
Loans	5	**64.11**	76.00	79.08
Other Financial Assets	6	**232.47**	220.70	144.75
Current Tax Assets (Net)	7	**137.94**	81.48	49.50
Other Non-current assets	8	**32.87**	33.48	299.92
		7,761.92	**7,629.54**	**6,513.03**
Current assets				
Inventories	9	**2,827.47**	2,585.10	2,178.43
Financial Assets				
Investments	4	**432.35**	1,146.63	1,030.01
Trade Receivables	10	**1,109.22**	1,244.95	1,138.20
Cash and Cash Equivalents	11A	**336.96**	98.33	106.70
Other Balances with Banks	11B	**39.10**	69.19	14.14
Loans	5	**21.31**	13.98	12.17
Other Financial Assets	6	**846.96**	567.63	627.23
Assets classified as Held for Sale		**-**	-	0.92
Other Current Assets	8	**212.33**	327.54	393.29
		5,825.70	**6,053.35**	**5,501.09**
Total Assets		**13,587.62**	**13,682.89**	**12,014.12**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	12	**95.92**	95.92	95.92
Other Equity	13	**9,357.37**	8,747.04	7,660.23
		9,453.29	**8,842.96**	**7,756.15**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	14	**18.50**	10.89	9.87
Lease Liabilities	15	**496.22**	473.86	341.43
Other Financial Liabilities	16	**0.46**	1.38	0.65
Provisions	17	**136.78**	118.48	107.35
Deferred Tax Liabilities (Net)	18C	**282.68**	392.39	248.10
Other Non-current Liabilities	19	**4.64**	1.52	2.61
		939.28	**998.52**	**710.01**
Current Liabilities				
Financial Liabilities				
Borrowings	14	**-**	4.35	-
Lease Liabilities	15	**142.43**	125.22	149.00
Trade Payables				
Total Outstanding dues of Micro Enterprises and Small Enterprises	20	**45.86**	42.22	34.82
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	20	**1,714.22**	2,020.07	1,816.68
Other Financial Liabilities	16	**1,118.89**	1,429.38	1,208.56
Other Current liabilities	19	**80.92**	119.23	244.99
Provisions	17	**44.14**	52.27	42.85
Current Tax Liabilities (Net)	21	**48.59**	48.67	51.06
		3,195.05	**3,841.41**	**3,547.96**
Total Equity and Liabilities		**13,587.62**	**13,682.89**	**12,014.12**
Significant accounting policies and Key accounting estimates and judgements	1			
See accompanying notes to the financial statements	2-48			
**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)				

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
23rd June, 2020

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN:00009126

Amit Syngle
Managing Director & CEO
DIN:07232566

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

R.J.Jeyamurugan
CFO & Company Secretary

Mumbai
23rd June, 2020

Statement of Profit and Loss

for the year ended 31st March, 2020

(₹ in Crores)

Particulars	Notes	Year 2019-20	Year 2018-19 (Restated)**
REVENUE FROM OPERATIONS			
Revenue from Sale of Products	22A	**17,025.26**	16,196.87
Revenue from Sale of Services	22A	**0.35**	12.57
Other Operating Revenues	22A	**168.48**	182.34
Other Income	23	**357.54**	284.81
TOTAL INCOME (I)		**17,551.63**	**16,676.59**
EXPENSES			
Cost of Materials Consumed	24A	**8,432.51**	8,647.82
Purchases of Stock-in-Trade	24B	**1,283.88**	1,010.66
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	24C	**(210.21)**	(247.86)
Employee Benefits Expense	25	**985.43**	900.14
Other Expenses	26	**2,845.44**	2,576.21
TOTAL (II)		**13,337.05**	**12,886.97**
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)		**4,214.58**	3,789.62
Finance Costs	27	**78.38**	78.60
Depreciation and Amortisation Expense	28	**689.97**	540.77
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**3,446.23**	**3,170.25**
Exceptional Items	45	**33.20**	-
PROFIT BEFORE TAX		**3,413.03**	**3,170.25**
Tax Expense	18		
(1) Current Tax		**871.15**	881.64
(2) Short/ (Excess) tax provision for earlier years		**5.66**	(2.17)
(3) Deferred Tax		**(117.73)**	158.61
Total tax expense		**759.08**	**1,038.08**
PROFIT AFTER TAX		**2,653.95**	**2,132.17**
OTHER COMPREHENSIVE INCOME (OCI)			
A Items that will not be reclassified to Profit or Loss			
(a) (i) Remeasurement of the defined benefit plans (Refer note 39)		**(10.83)**	(40.53)
(ii) Income tax benefit on remeasurement benefit of defined benefit plans		**1.01**	14.17
(b) (i) Net fair value gain on investments in equity instruments through OCI		**66.44**	9.35
(ii) Income tax expense on net fair value gain on investments in equity instruments through OCI		**(8.71)**	-
B Items that will be reclassified to Profit or Loss			
(i) Net fair value gain/ (loss) on investments in debt instruments through OCI		**2.81**	(1.32)
(ii) Income tax (expense)/ benefit on net fair value gain on investments in debt instruments through OCI		**(0.32)**	0.15
TOTAL OTHER COMPREHENSIVE INCOME (A+B)		**50.40**	**(18.18)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,704.35**	**2,113.99**
Earnings per equity share (Face value of ₹ 1 each)	42		
(1) Basic (in ₹)		**27.67**	**22.23**
(2) Diluted (in ₹)		**27.67**	**22.23**
Significant accounting policies and key accounting estimates and judgements	1		
See accompanying notes to the financial statements	2-48		
**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)			

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
23rd June, 2020

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN:00009126

Amit Syngle
Managing Director & CEO
DIN:07232566

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

R.J.Jeyamurugan
CFO & Company Secretary

Mumbai
23rd June, 2020

Statement of Changes in Equity

for the year ended 31st March, 2020

A) EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the reporting year	**95.92**	95.92
Changes in Equity Share capital during the year	**-**	-
Balance at the end of the reporting year	**95.92**	**95.92**

B) 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, 2018	**44.38**	**0.50**	**4,166.74**	**3,387.91**	**1.16**	**101.55**	**7,702.24**
Changes on account of Ind AS 116 (Refer note 31)	-	-	-	(42.01)	-	-	(42.01)
Balance as at 1st April, 2018 (A)**	**44.38**	**0.50**	**4,166.74**	**3,345.90**	**1.16**	**101.55**	**7,660.23**
Additions during the year:							
Profit for the year	-	-	-	2,132.17	-	-	2,132.17
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans (Refer note 39)	-	-	-	(26.36)	-	-	(26.36)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	9.35	9.35
Net fair value (loss) on investments in debt instruments through OCI	-	-	-	-	(1.17)	-	(1.17)
Total Comprehensive Income for the year 2018-19 (B)	-	-	-	**2,105.81**	**(1.17)**	**9.35**	**2,113.99**
Reductions during the year:							
Dividends (Refer note 30)	-	-	-	(853.68)	-	-	(853.68)
Income tax on dividend (Refer note 30)	-	-	-	(173.50)	-	-	(173.50)
Total (C)	**-**	**-**	**-**	**(1,027.18)**	**-**	**-**	**(1,027.18)**
Balance as at 31st March, 2019 (D) = (A+B+C)**	**44.38**	**0.50**	**4,166.74**	**4,424.53**	**(0.01)**	**110.90**	**8,747.04**
Additions during the year:							
Profit for the year	-	-	-	2,653.95	-	-	2,653.95
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(9.82)	-	-	(9.82)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	57.73	57.73
Net fair value (loss) on investments in debt instruments through OCI	-	-	-	-	2.49	-	2.49
Total Comprehensive Income for the year 2019-20 (E)	**-**	**-**	**-**	**2,644.13**	**2.49**	**57.73**	**2,704.35**
Reductions during the year:							
Dividends (Refer note 30)	-	-	-	(1,740.95)	-	-	(1,740.95)
Income tax on dividend (Refer note 30)	-	-	-	(353.07)	-	-	(353.07)
Total (F)	**-**	**-**	**-**	**(2,094.02)**	**-**	**-**	**(2,094.02)**
Balance as at 31st March, 2020 (D+E+F)	**44.38**	**0.50**	**4,166.74**	**4,974.64**	**2.48**	**168.63**	**9,357.37**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
23rd June, 2020

For and on behalf of the Board of Directors of **Asian Paints Limited**
CIN:L24220MH1945PLC004598

Ashwin Dani
Chairman
DIN:00009126

Amit Syngle
Managing Director & CEO
DIN:07232566

M.K. Sharma
Chairman of Audit Committee
DIN:00327684

R.J.Jeyamurugan
CFO & Company Secretary

Mumbai
23rd June, 2020

Cash Flow Statement

for the year ended 31st March, 2020

(₹ in Crores)

	Year 2019-20		Year 2018-19 (Restated)**	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	**3,413.03**		3,170.25	
Adjustments for:				
Depreciation and amortisation expense	**689.97**		540.77	
Interest income	**(41.67)**		(24.49)	
Dividend income	**(34.73)**		(45.60)	
Finance costs	**78.38**		78.60	
Allowance for doubtful debts and advances	**15.27**		4.43	
Bad debts written off	**6.18**		2.53	
Deferred income arising from government grant	**(1.64)**		(1.09)	
Net unrealised foreign exchange loss/(gain)	**36.74**		(9.11)	
(Gain) on sale of property, plant and equipment (net)	**(10.50)**		(13.91)	
Net gain on modification/ termination of leases	**(0.96)**		(6.00)	
Net gain arising on financial assets measured at fair value through profit or loss (FVTPL)	**(75.26)**		(52.76)	
Impairment loss on non-current investments - subsidiaries	**33.20**		-	
Other non cash adjustment	**8.01**		-	
Operating Profit before working capital changes	**4,116.02**		**3,643.62**	
Adjustments for :				
Decrease/(Increase) in trade receivables	**116.12**		(114.38)	
Decrease/(Increase) in financial assets	**18.85**		(76.51)	
(Increase) in inventories	**(242.37)**		(406.67)	
Decrease in other assets	**95.82**		80.89	
(Decrease)/Increase in trade and other payables	**(773.78)**		173.82	
Increase in provisions	**10.16**		8.32	
Cash generated from Operating activities	**3,340.82**		**3,309.09**	
Income Tax paid (net of refund)	**(933.35)**		(913.84)	
Net Cash generated from Operating activities		**2,407.47**		**2,395.25**
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, plant and equipment	**(306.43)**		(1,067.26)	
Sale of Property, plant and equipment (including advances)	**26.35**		15.00	
Payment for acquiring right of use assets	**(9.79)**		(17.75)	
Loan given to subsidiary (net)	**(6.25)**		(1.65)	
Purchase of non-current investments - Subsidiaries	**(379.84)**		-	
Purchase of non-current investments - others	**(24.95)**		(325.00)	
Sale of non current investments	**85.50**		363.42	
Purchase of term deposits	**(489.02)**		(414.00)	
Proceeds from maturity of term deposits	**222.53**		414.00	
Sale of current investments (net)	**31.26**		121.72	
Interest received	**41.26**		33.12	
Dividend received from subsidiaries	**8.13**		7.11	
Dividend received from others	**26.60**		38.49	
Net Cash (used in) Investing activities		**(774.65)**		**(832.80)**

Cash Flow Statement (Contd.)
for the year ended 31st March, 2020

(₹ in Crores)

	Year 2019-20		Year 2018-19 (Restated)**	
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from/(Repayment of) from non-current borrowings	**17.86**		(1.42)	
Acceptances (net)	**202.80**		153.88	
Repayment of lease liabilities	**(148.72)**		(144.77)	
Finance costs paid	**(76.78)**		(74.38)	
Dividend and Dividend tax paid	**(2,090.41)**		(1,022.47)	
Net Cash (used in) Financing activities		**(2,095.25)**		**(1,089.16)**
(D) NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]		**(462.43)**		473.29
Add: Cash and cash equivalents as at 1st April		**1,156.36**		683.07
Cash and cash equivalents as at 31st March		**693.93**		**1,156.36**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

Notes:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
(b) Cash and Cash Equivalents comprises of		
Cash on hand	**0.04**	0.03
Balances with Banks:		
- Current Accounts	**131.32**	1.11
- Cash Credit Account	**205.60**	1.76
- Deposit with bank with maturity less than 3 months	**-**	52.02
Cheques, draft on hand	**-**	43.41
Cash and cash equivalents (Refer note 11A)	**336.96**	98.33
Add: Investment in liquid mutual funds [Refer note 4II (B)(ii)]	**356.97**	1,062.38
Bank Overdraft (Refer note 14)	**-**	(4.35)
Cash and cash equivalents in Cash Flow Statement	**693.93**	**1,156.36**

As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
F.R.N: 117366W/W-100018

Abhijit A. Damle
Partner
Membership No: 102912

Mumbai
23rd June, 2020

For and on behalf of the Board of Directors of **Asian Paints Limited**
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DIN:00327684

R.J.Jeyamurugan
CFO & Company Secretary

Mumbai
23rd June, 2020

Notes to the Financial Statements

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 décor, 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).

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 except as mentioned below in 1.2.

1.2. Application of New Accounting Pronouncements

The Company has applied the Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. Accordingly, the Company has adopted Ind AS 116, Leases retrospectively to each prior reporting period presented with effect from 1st April, 2019 and it is detailed in note 1.4(s).

1.3. Current / Non-Current Classification

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

i. the asset/liability is expected to be realized/ settled in the 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.

1.4. Summary of Significant accounting policies

a) Business combinations

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

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value

Notes to the Financial Statements (Contd.)

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

Measurement at recognition:

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

The 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 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.

- 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.

Notes to the Financial Statements (Contd.)

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

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.

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 from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products:

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

Rendering of services:

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

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.

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 in which the related costs that are intended to be compensated by such grants are recognized.

Presentation:

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

f) Inventory

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

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

Notes to the Financial Statements (Contd.)

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.

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 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 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 when the right to receive payment is established, it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to 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 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.

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.

Notes to the Financial Statements (Contd.)

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

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 1.4(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 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 net of bank overdrafts which are repayable on demand as these form an integral part of the Company's cash management.

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 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

Notes to the Financial Statements (Contd.)

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.

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. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

s) Lease accounting

Assets taken on lease:

The Company mainly has lease arrangements for land and building for offices, warehouse spaces and retail stores and vehicles.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the Company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

Notes to the Financial Statements (Contd.)

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.

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.

1.5 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).

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 38, 'Employee benefits'.

f. Fair value measurement of financial instruments

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

g. Right-of-use assets and lease liability

The Company has exercised judgement in determining the lease term as the non-cancellable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

NOTE 2A: PROPERTY, PLANT AND EQUIPMENT**

(₹ in Crores)

	Gross Carrying Value				Depreciation / Amortisation				Net Carrying Value
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04. 2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2020
Freehold Land	171.70	8.43	-	**180.13**	-	-	-	**-**	**180.13**
Buildings	1,333.73	21.71	1.70	**1,353.74**	112.96	47.98	0.27	**160.67**	**1,193.07**
Plant and Equipment	3,599.20	158.84	15.61	**3,742.43**	815.64	378.84	3.38	**1,191.10**	**2,551.33**
Scientific Research:									
Buildings	71.28	-	-	**71.28**	6.83	2.73	-	**9.56**	**61.72**
Equipment	66.12	3.82	0.01	**69.93**	23.86	8.43	0.01	**32.28**	**37.65**
Leasehold Improvements	-	0.27	-	**0.27**	-	0.02	-	**0.02**	**0.25**
Furniture and Fixtures	62.71	4.64	0.36	**66.99**	24.41	8.48	0.27	**32.62**	**34.37**
Vehicles	1.61	1.35	-	**2.96**	0.71	0.39	-	**1.10**	**1.86**
Office Equipment	55.03	13.23	0.64	**67.62**	29.12	9.86	0.54	**38.44**	**29.18**
Leasehold improvements	9.37	-	0.45	**8.92**	5.39	1.92	0.45	**6.86**	**2.06**
Information Technology Hardware	161.48	8.68	0.50	**169.66**	82.69	30.47	0.48	**112.68**	**56.98**
Total	**5,532.23**	**220.97**	**19.27**	5,733.93	**1,101.61**	**489.12**	**5.40**	1,585.33	4,148.60

(₹ in Crores)

	Gross Carrying Value				Depreciation / Amortisation				Net Carrying Value
	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
Freehold Land	164.24	7.46	-	171.70	-	-	-	-	171.70
Buildings	722.40	611.79	0.46	1,333.73	78.45	34.56	0.05	112.96	1,220.77
Plant and Equipment	1,868.23	1,734.58	3.61	3,599.20	553.73	265.05	3.14	815.64	2,783.56
Scientific Research:									
Buildings	71.28	-	-	71.28	4.10	2.73	-	6.83	64.45
Equipment	62.29	3.86	0.03	66.12	15.75	8.12	0.01	23.86	42.26
Furniture and Fixtures	49.93	12.93	0.15	62.71	16.92	7.62	0.13	24.41	38.30
Vehicles	1.25	0.45	0.09	1.61	0.54	0.25	0.08	0.71	0.90
Office Equipment	43.80	11.96	0.73	55.03	21.49	8.26	0.63	29.12	25.91
Leasehold improvements	9.40	-	0.03	9.37	3.50	1.92	0.03	5.39	3.98
Information Technology Hardware	94.73	67.02	0.27	161.48	58.59	24.32	0.22	82.69	78.79
Total	**3,087.55**	**2,450.05**	**5.37**	**5,532.23**	**753.07**	**352.83**	**4.29**	**1,101.61**	**4,430.62**

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

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 2B: RIGHT OF USE ASSET**

(₹ in Crores)

Movement in net carrying amount	2019-20				2018-19			
	Leasehold Land	Building	Vehicles	Total	Leasehold Land	Building	Vehicles	Total
Net Carrying Amount								
Balance at 1st April	149.95	547.96	2.70	**700.61**	142.96	427.25	4.83	**575.04**
Additions	0.19	229.19	1.15	**230.53**	8.73	299.14	0.54	**308.41**
Depreciation	1.79	169.81	1.43	**173.03**	1.74	156.48	2.11	**160.33**
Deletions	-	31.30	0.18	**31.48**	-	21.95	0.56	**22.51**
Balance at 31st March	**148.35**	**576.04**	**2.24**	726.63	**149.95**	**547.96**	**2.70**	**700.61**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

Notes to the Financial Statements (Contd.)

NOTE 3: INTANGIBLE ASSETS (ACQUIRED SEPARATELY)

(₹ in Crores)

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2020
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**	0.76	0.18	-	**0.94**	**-**
Computer Software	156.00	23.47	-	**179.47**	101.59	27.62	-	**129.21**	**50.26**
Scientific Research:									
Computer Software	0.15	0.01	-	**0.16**	0.13	0.02	-	**0.15**	**0.01**
Total (B)	**157.09**	**23.48**	**-**	**180.57**	**102.48**	**27.82**	**-**	**130.30**	**50.27**
Total (A+B)	**192.45**	**23.48**	**-**	**215.93**	**102.48**	**27.82**	**-**	**130.30**	**85.63**

(₹ in Crores)

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
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	0.57	0.19	-	0.76	0.18
Computer Software	129.50	26.50	-	156.00	74.20	27.39	-	101.59	54.41
Scientific Research:									
Computer Software	0.16	-	0.01	0.15	0.10	0.03	-	0.13	0.02
Total (B)	**130.60**	**26.50**	**0.01**	**157.09**	**74.87**	**27.61**	**-**	**102.48**	**54.61**
Total (A+B)	**165.96**	**26.50**	**0.01**	**192.45**	**74.87**	**27.61**	**-**	**102.48**	**89.97**

The amount of contractual commitments for the acquisition of intangible assets is disclosed in Note 32 (b).

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 31.03.2020	As at 31.03.2019
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 five-year period (Previous year - five 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.

As at 31st March, 2020 and 31st March, 2019, goodwill in respect of Bath Fittings Business was not impaired.

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

	As at 31.03.2020	As at 31.03.2019
Compounded average net sales growth rate for five-year period (Previous year - five year)	**26%**	27%
Growth rate used for extrapolation of cash flow projections beyond the five-year period (Previous year - five year)	**4%**	4%
Discount rate	**12.25%**	14.00%

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 (Contd.)

NOTE 4: INVESTMENTS

(₹ in Crores)

	Nos.#	Face value (₹)	Non-Current As at 31.03.2020	Non-Current As at 31.03.2019	Current As at 31.03.2020	Current As at 31.03.2019
I. NON-CURRENT INVESTMENTS						
A. Investments in Equity Instruments						
(a) Unquoted equity shares						
(i) Subsidiaries (measured at cost, Refer note 1.4(i))						
(a) Asian Paints Industrial Coatings Limited	3,04,50,000	10	**30.45**	30.45	-	-
(b) Asian Paints International Private Limited	42,78,75,387		**706.44**	406.60	-	-
(105,042,017 shares acquired during the year for cash)	(32,28,33,370)					
(c) Asian Paints (Nepal) Private Limited	32,54,310	NPR 10	**0.12**	0.12	-	-
(d) Maxbhumi Developers Limited	4,19,000	10	**15.55**	15.55	-	-
Less: Impairment loss (Refer note 45)			**(3.50)**	-	-	-
			12.05	**15.55**		
(e) Sleek International Private Limited	2,04,273	10	**249.61**	169.61	-	-
(82,093 shares acquired during the year for cash)	(1,22,180)					
Less: Impairment loss (Refer note 45)			**(95.00)**	(65.30)	-	-
			154.61	**104.31**	-	-
(f) Asian Paints PPG Private Limited	52,43,961	10	**30.47**	30.47	-	-
(g) Reno Chemicals Pharmaceuticals And Cosmetics Private Limited	4,950	100	**161.42**	161.42	-	-
			1,095.56	**748.92**	-	**-**
(ii) Associate (measured at cost, Refer note 1.4(i))						
PPG Asian Paints Private Limited	2,85,18,112	10	**81.43**	81.43	-	-
			81.43	**81.43**	-	**-**
Investments in subsidiaries and associate (i + ii)			**1,176.99**	**830.35**	-	**-**
(iii) Other equity shares measured at FVTPL			**1.07**	1.07	-	-
Total Unquoted equity shares			**1,178.06**	**831.42**	-	**-**
(b) Quoted equity shares measured at FVTOCI						
Akzo Nobel India Limited	20,10,626	10	**444.96**	362.49	-	-
Housing Development Finance Corporation Limited	4,65,000	2	**75.94**	91.52	-	-
Apcotex Industries Limited	34,180	2	**0.26**	0.71	-	-
(20,508 shares were alloted pursuant to share split where in the face value changed from ₹5/share to ₹2/share during the year)	(13,672)					
Total Quoted equity shares			**521.16**	**454.72**	-	**-**
Total Investments in Equity Instruments other than Investments in subsidiaries and associate (a(iii) + b)	-	A	**522.23**	**455.79**	**-**	**-**
B. Investments in Unquoted Government securities measured at amortised cost		B	*****	*	-	-
*'[₹ 39,500/- (As at 31st March, 2019 - ₹ 39,500)]						
C. Investments in Quoted Debentures or Bonds measured at FVTOCI			**106.77**	79.51	**0.50**	-
Amount included under the head "Current Investments"			**-**	-	**(0.50)**	-
Total Investments in Debentures or Bonds - Quoted		C	**106.77**	**79.51**	**-**	**-**
D. Investments in Quoted Mutual Funds measured at FVTPL			**419.59**	451.72	**74.88**	84.25
Amount included under the head "Current Investments"			**-**	-	**(74.88)**	(84.25)
Total Investments in Mutual Funds - Quoted		D	**419.59**	**451.72**	-	**-**
Total Non-Current Investments (A+B+C+D) (other than Investments in subsidiaries and associate)			**1,048.59**	**987.02**	-	**-**
Aggregate amount of quoted investments - At cost			**506.82**	542.38	**-**	-
Aggregate amount of quoted investments - At market value			**1,047.52**	985.95	**-**	-
Aggregate amount of unquoted investments			**1,178.06**	831.42	**-**	-
Aggregate amount of impairment in value of investments			**98.50**	65.30	**-**	-

NOTE 4: INVESTMENTS (CONTD.)

(₹ in Crores)

	Nos.#	Face value (₹)	Non-Current		Current	
			As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
II. CURRENT INVESTMENTS						
A. Investments in Quoted Debentures or Bonds measured at FVTOCI						
Current Portion of Long Term Investments (Refer note 4(I)(C))		A			**0.50**	-
B. Investments in Quoted Mutual Funds measured at FVTPL						
i. Current Portion of Long Term Investments (Refer note 4(I)(D))			**-**	-	**74.88**	84.25
ii. Investments in Liquid Mutual Funds			**-**	-	**356.97**	1,062.38
Total Investments in Mutual Funds - Quoted (i+ii)		B	**-**	**-**	**431.85**	**1,146.63**
Total Current Investments (A+B)			**-**	**-**	**432.35**	**1,146.63**
Aggregate amount of quoted investments - At cost			**-**	**-**	**380.69**	1,099.90
Aggregate amount of quoted investments - At market value			**-**	**-**	**432.35**	1,146.63

Figures in brackets indicate that of 31st March, 2019 as applicable

NOTE 5: LOANS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
UNSECURED AND CONSIDERED GOOD				
(a) Sundry deposits	**64.11**	76.00	**13.38**	12.32
(b) Loan to a related party				
Loan to Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno') (wholly owned subsidiary) (Refer note 43)	**-**	-	**7.93**	1.66
Total	**64.11**	**76.00**	**21.31**	**13.98**

NOTE 6: OTHER FINANCIAL ASSETS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Royalty receivable (Refer note 43)	**-**	-	**59.30**	48.47
Due from subsidiary companies (Refer note 43)	**-**	-	**15.80**	15.36
Less: Allowance for doubtful debts and advances	**-**	-	**(1.27)**	(0.96)
	-	**-**	**14.53**	**14.40**
Due from associate company (Refer note 43)	**-**	-	**2.10**	5.21
Subsidy receivable from state government	**232.39**	220.64	**144.54**	154.54
Term deposits held as margin money against bank guarantee and other commitments	**0.08**	0.06	**-**	-
Bank deposits with more than 12 months of original maturity	**-**	-	**464.08**	163.90
Interest accrued on investments in debentures or bonds measured at FVTOCI	**-**	-	**4.01**	3.62
Quantity discount receivable	**-**	-	**158.40**	177.48
Forward exchange contract (net)	**-**	-	**-**	0.01
TOTAL	**232.47**	**220.70**	**846.96**	**567.63**

Notes to the Financial Statements (Contd.)

NOTE 7: CURRENT TAX ASSETS (NET)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Advance payment of income tax (net)	**137.94**	81.48	**-**	-
Total	**137.94**	**81.48**	**-**	**-**

NOTE 8: OTHER ASSETS**

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(a) Capital advances	**8.26**	28.26	**-**	-
(b) Advances other than capital advances				
i) Advances/claims recoverable in cash or in kind	**24.61**	5.22	**111.03**	176.33
ii) Balances with government authorities	**-**	-	**91.97**	136.09
iii) Advances to employees	**-**	-	**4.05**	5.96
iv) Duty credit entitlement	**-**	-	**1.26**	3.89
v) Other Receivables	**-**	-	**4.02**	5.27
TOTAL	**32.87**	**33.48**	**212.33**	**327.54**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 9: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
(a) Raw materials	**714.54**	701.02
Raw materials-in-transit	**149.72**	169.26
	864.26	**870.28**
(b) Packing materials	**46.80**	38.33
Packing materials-in-transit	**0.09**	-
	46.89	**38.33**
(c) Work-in-progress	**81.67**	105.72
(d) Finished goods	**1,342.58**	1,213.53
Finished goods-in-transit	**2.78**	5.85
	1,345.36	**1,219.38**
(e) Stock-in-trade (acquired for trading)	**333.88**	249.14
Stock-in-trade (acquired for trading) in-transit	**36.52**	12.98
	370.40	**262.12**
(f) Stores, spares and consumables	**118.67**	88.59
Stores, spares and consumables-in-transit	**0.22**	0.68
	118.89	**89.27**
TOTAL	**2,827.47**	**2,585.10**

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 ₹ 30.90 crores (Previous year ₹ 2.98 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 31.03.2020	As at 31.03.2019
Trade receivables		
(a) Unsecured, considered good	**1,109.22**	1,244.95
(b) Unsecured, considered doubtful	**35.90**	20.94
	1,145.12	**1,265.89**
Less: Allowance for unsecured doubtful debts	**(35.90)**	(20.94)
TOTAL	**1,109.22**	**1,244.95**

NOTE 11: CASH AND BANK BALANCES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(A) CASH AND CASH EQUIVALENTS				
(a) Balances with Banks				
(i) Current Accounts	**-**	-	**131.32**	1.11
(ii) Cash Credit Account ##	**-**	-	**205.60**	1.76
(iii) Deposits with original maturity of less than 3 months	**-**	-	**-**	52.02
(b) Cheques, drafts on hand	**-**	-	**-**	43.41
(c) Cash on hand	**-**	-	**0.04**	0.03
TOTAL	**-**	**-**	**336.96**	**98.33**
(B) OTHER BALANCES WITH BANKS				
(i) Term deposits with original maturity for more than 3 months but less than 12 months	**-**	-	**16.63**	50.33
(ii) Unpaid dividend and sales proceeds of Fractional Bonus Shares account *	**-**	-	**22.47**	18.86
(iii) Term deposits held as margin money against bank guarantee and other commitments	**0.08**	0.06	**-**	-
	0.08	**0.06**	**39.10**	**69.19**
Amount included under the head "Other Financial Assets"	**(0.08)**	(0.06)	**-**	-
TOTAL	**-**	**-**	**39.10**	**69.19**

Secured by hypothecation of inventories and trade receivables and carries interest rate @ 8.10% p.a. (as at 31st March, 2019 the rate was 8.60% p.a.)

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

Notes to the Financial Statements (Contd.)

NOTE 12: EQUITY SHARE CAPITAL

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
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 31.03.2020		As at 31.03.2019	
	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 31.03.2020		As at 31.03.2019	
	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	**5,48,73,068**	**5.72**	5,40,84,120	5.64
2. Sattva Holding and Trading Private Limited	**5,63,88,682**	**5.88**	5,28,84,120	5.51
3. Geetanjali Trading and Investments Private Limited	**4,57,06,140**	**4.77**	4,92,67,440	5.14

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

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

The Board of Directors, at their meetings held on 22nd October, 2019 and 25th February, 2020, declared an interim dividend of ₹ 3.35 (Rupees three and paise thirty-five only) and ₹ 7.15 (Rupees seven and paise fifteen only) respectively per equity share of the face value of ₹ 1 each. The Board of Directors at its meeting held on 23rd June, 2020 have recommended a payment of final dividend of ₹ 1.50 (Rupee one and paise fifty only) per equity share of the face value of ₹ 1 each for the financial year ended 31st March, 2020. If approved, the total dividend (interim and final dividend) for the financial year 2019-20 will be ₹ 12.00 (Rupees twelve only) per equity share of the face value of ₹ 1 each (₹10.50 per equity share of the face value of ₹ 1 each was paid as total dividend for the previous year).

NOTE 13: OTHER EQUITY

(₹ in Crores)

	Reserves and Surplus						
	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	Total
Balance as at 1st April, 2018	**44.38**	**0.50**	**4,166.74**	**3,387.91**	**1.16**	**101.55**	**7,702.24**
Changes on account of Ind AS 116 (Refer note 31)	-	-	-	(42.01)	-	-	(42.01)
Balance as at 1st April, 2018 (A)**	**44.38**	**0.50**	**4,166.74**	**3,345.90**	**1.16**	**101.55**	**7,660.23**
Additions during the year:							
Profit for the year	-	-	-	2,132.17	-	-	2,132.17
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans (Refer note 39)	-	-	-	(26.36)	-	-	(26.36)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	9.35	9.35
Net fair value (loss) on investments in debt instruments through OCI	-	-	-	-	(1.17)	-	(1.17)
Total Comprehensive Income for the year 2018-19 (B)	**-**	**-**	**-**	**2,105.81**	**(1.17)**	**9.35**	**2,113.99**
Reductions during the year:							
Dividends (Refer note 30)	-	-	-	(853.68)	-	-	(853.68)
Income tax on dividend (Refer note 30)	-	-	-	(173.50)	-	-	(173.50)
Total (C)	**-**	**-**	**-**	**(1,027.18)**	**-**	**-**	**(1,027.18)**
Balance as at 31st March, 2019 (D) = (A+B+C)**	**44.38**	**0.50**	**4,166.74**	**4,424.53**	**(0.01)**	**110.90**	**8,747.04**
Additions during the year:							
Profit for the year	-	-	-	2,653.95	-	-	2,653.95
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	(9.82)	-	-	(9.82)
Net fair value gain on investments in equity instruments through OCI	-	-	-	-	-	57.73	57.73
Net fair value gain on investments in debt instruments through OCI	-	-	-	-	2.49	-	2.49
Total Comprehensive Income for the year 2019-20 (E)	**-**	**-**	**-**	**2,644.13**	**2.49**	**57.73**	**2,704.35**
Reductions during the year:							
Dividends (Refer note 30)	-	-	-	(1,740.95)	-	-	(1,740.95)
Income tax on dividend (Refer note 30)	-	-	-	(353.07)	-	-	(353.07)
Total (F)	**-**	**-**	**-**	**(2,094.02)**	**-**	**-**	**(2,094.02)**
Balance as at 31st March, 2020 (D+E+F)	**44.38**	**0.50**	**4,166.74**	**4,974.64**	**2.48**	**168.63**	**9,357.37**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

Description of nature and purpose of each reserve

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.

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.

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.

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 (Contd.)

NOTE 14: BORROWINGS*

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Secured				
Deferred payment liabilities :				
Loan from State of Haryana ##	**18.50**	10.89	**5.90**	-
Unsecured				
Loans repayable on demand				
From banks (Bank overdraft)@		-		4.35
	18.50	**10.89**	**5.90**	**4.35**
Amount Included under the head "Other Financial liabilities" (Refer note 16)		-	**(5.90)**	-
TOTAL	**18.50**	**10.89**	**-**	**4.35**

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, 31st March, 2013, 31st March, 2014 and 31st March, 2015 the Company has already received the interest free loan of ₹ 3.41 crores, ₹ 5.90 crores, ₹ 7.89 crores, ₹ 11.89 crores and ₹ 5.97 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, 2016 and 31st March, 2017, the Company had made the necessary application to the Haryana Government for the issue of eligibility certificate. As on 31st March, 2020, the Company has repaid loan of ₹ 3.41 crores.

@ Overdraft in current account carries interest rate @ 7.80% p.a. (as at 31st March, 2019 it was 8.60% p.a.)

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

NOTE 15: LEASE LIABILITIES**

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Lease liabilities	**496.22**	473.86	**142.43**	125.22
TOTAL	**496.22**	**473.86**	**142.43**	**125.22**

The maturity analysis of lease liabilities is disclosed in Note 29(C)(3).

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 16: OTHER FINANCIAL LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(a) Current maturities of Long-term debt (Refer note 14)	**-**	-	**5.90**	-
(b) Investor Education and Protection Fund #				
Unpaid/Unclaimed dividend	**-**	-	**22.47**	18.86

NOTE 16: OTHER FINANCIAL LIABILITIES (CONTD.)

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(c) Others (Refer note 35)				
Retention monies relating to capital expenditure	**0.46**	1.38	**36.40**	77.22
Payable towards capital expenditure	**-**	-	**43.77**	155.23
Payable towards services received	**-**	-	**222.65**	301.64
Payable towards stores, spares and consumables	**-**	-	**13.33**	8.79
Payable to employees [including ₹ 6.79 crores due to Managing Director (as at 31st March, 2019 ₹ 5.25 crores)]	**-**	-	**153.07**	169.64
Payable towards other expenses (Refer note 39) [including ₹ 3.53 crores due to Non-Executive Directors (as at 31st March, 2019 ₹ 3.97 crores)]	**-**	-	**621.15**	698.00
Forward exchange contract (Net)	**-**	-	**0.15**	-
	0.46	**1.38**	**1,090.52**	**1,410.52**
TOTAL	**0.46**	**1.38**	**1,118.89**	**1,429.38**

Investor Education and Protection Fund ('IEPF')- As at 31st March, 2020, 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.

NOTE 17: PROVISIONS

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(a) Provision for Employee Benefits (Refer note 38)				
Provision for Compensated absences	**131.96**	113.64	**15.59**	14.21
Provision for Gratuity	**-**	-	**10.37**	13.90
Provision for Pension	**1.23**	1.04	**0.35**	0.30
Provision for Post retirement medical and other benefits	**3.59**	3.80	**1.18**	3.23
	136.78	**118.48**	**27.49**	**31.64**
(b) Others (Refer note 33)				
Provision for Excise	**-**	-	**2.24**	0.62
Provision for Central Sales Tax / VAT	**-**	-	**14.41**	20.01
	-	**-**	**16.65**	**20.63**
TOTAL	**136.78**	**118.48**	**44.14**	**52.27**

NOTE 18: INCOME TAXES**

(₹ in Crores)

	Year 2019-20	Year 2018-19
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	**871.15**	881.64
Adjustments in respect of previous year	**5.66**	(2.17)
Deferred tax:		
In respect of current year	**(117.73)**	158.61
Income tax expense recognised in the Statement of Profit and Loss	**759.08**	**1,038.08**
(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	**(0.32)**	0.15
Deferred tax benefit on remeasurement benefit of defined benefit plans	**1.01**	14.17
Deferred tax (expense) on net fair value gain on investments in equity instruments through OCI	**(8.71)**	-
Income tax (expense)/ benefit recognised in OCI	**(8.02)**	**14.32**

Notes to the Financial Statements (Contd.)

NOTE 18: INCOME TAXES** (CONTD.)

(₹ in Crores)

	Year 2019-20	Year 2018-19
B. RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT FOR THE YEAR IS AS UNDER :		
Profit before tax	3,413.03	**3,170.25**
Income tax expense calculated at 25.168% (Previous year 34.944%)	**858.99**	1,107.81
Tax effect on non-deductible expenses	**25.19**	23.57
Incentive tax credits	**-**	(55.66)
Effect of Income which is taxed at special rates	**(9.45)**	(9.83)
Effect of Income that is exempted from tax	**(8.01)**	(15.27)
Effect of change in tax rate	**(109.31)**	-
Others	**(3.99)**	(10.37)
Total	753.42	**1,040.25**
Adjustments in respect of current income tax of previous year	**5.66**	(2.17)
Tax expense as per Statement of Profit and Loss	759.08	**1,038.08**

The tax rate used for reconciliation above is the corporate tax rate of 25.168% (Previous year 34.944%) payable by corporate entities in India on taxable profits under Indian tax law. During the year, the Company has opted for lower tax rate under section 115BAA of the Income Tax Act, 1961 inserted vide Taxation Laws (Amendment) Act, 2019.

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS:

As at 31st March, 2020

(₹ in Crores)

	Balance Sheet 01.04.2019	Profit and loss* 2019-20	OCI* 2019-20	Balance Sheet 31.03.2020
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961	(451.46)	**135.13**	**-**	**(316.33)**
Provision for expense allowed for tax purpose on payment basis (Net)	44.61	**(13.97)**	**-**	**30.64**
Allowance for doubtful debts and advances	0.38	**(0.11)**	**-**	**0.27**
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	1.63	**(1.20)**	**-**	**0.43**
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.30)	**-**	**(0.32)**	**(0.62)**
Remeasurement benefit of the defined benefit plans through OCI	6.13	**-**	**1.01**	**7.14**
Difference in carrying value and tax base of investments measured at FVTPL	(17.34)	**0.15**	**-**	**(17.19)**
Net fair value gain on investments in equity instruments through OCI	-	**-**	**(8.71)**	**(8.71)**
Difference in Right-of-use asset and lease liabilities	23.96	**(2.27)**	**-**	**21.69**
Deferred tax (expense)/benefit		117.73	(8.02)	
Net Deferred tax liabilities	**(392.39)**			(282.68)

*Includes effect of change in tax rate

NOTE 18: INCOME TAXES** (CONTD.)

C. THE MAJOR COMPONENTS OF DEFERRED TAX (LIABILITIES)/ASSETS ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE AS FOLLOWS: (CONTD.)

As at 31st March, 2019

(₹ in Crores)

	Balance Sheet 01.04.2018	Profit and loss 2018-19	OCI 2018-19	Balance Sheet 31.03.2019
Difference between written down value/capital work in progress of fixed assets as per the books of accounts and Income Tax Act,1961	(298.29)	(153.17)	-	(451.46)
Provision for expense allowed for tax purpose on payment basis (Net)	50.09	(5.48)	-	44.61
Allowance for doubtful debts and advances	0.38	-	-	0.38
Voluntary Retirement Scheme (VRS) expenditure (allowed in Income Tax Act, 1961 over 5 years)	3.36	(1.73)	-	1.63
Difference in carrying value and tax base of investments in debt instruments measured at FVTOCI	(0.45)	-	0.15	(0.30)
Remeasurement benefit of the defined benefit plans through OCI	(8.04)	-	14.17	6.13
Difference in carrying value and tax base of investments measured at FVTPL	(17.38)	0.04	-	(17.34)
Difference in Right-of-use asset and lease liabilities (Refer note 31)	22.23	1.73	-	23.96
Deferred tax (expense)/benefit		**(158.61)**	**14.32**	
Net Deferred tax liabilities	**(248.10)**			**(392.39)**

The Company does not have any unused tax losses under the Income Tax Act, 1961, for which no deferred tax asset has been recognised in the balance sheet.

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 19: OTHER LIABILITIES

(₹ in Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(a) Revenue received in advance				
Advance received from customers	**-**	-	**6.00**	3.25
(b) Others				
Statutory dues payable	**-**	-	**62.67**	114.92
Deferred income arising from government grant (Refer note 14)	**4.64**	1.52	**2.25**	1.06
Other advance	**-**	-	**10.00**	-
	4.64	**1.52**	**74.92**	**115.98**
TOTAL	**4.64**	**1.52**	**80.92**	**119.23**

Notes to the Financial Statements (Contd.)

NOTE 20: TRADE PAYABLES

(₹ in Crores)

	Current	
	As at 31.03.2020	**As at 31.03.2019**
Trade Payables (including Acceptances)*		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer note 35)	**45.86**	42.22
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**1,714.22**	2,020.07
TOTAL	**1,760.08**	**2,062.29**

*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 ₹ 116.49 crores (Previous year ₹ 319.29 crores).

NOTE 21: CURRENT TAX LIABILITIES (NET)

(₹ in Crores)

	Current	
	As at 31.03.2020	**As at 31.03.2019**
Provision for Income Tax (net)	**48.59**	48.67
TOTAL	**48.59**	**48.67**

NOTE 22A: REVENUE FROM OPERATIONS

(₹ in Crores)

	Year 2019-20	**Year 2018-19**
Revenue from sale of products	**17,025.26**	16,196.87
Revenue from sale of services	**0.35**	12.57
Other operating revenue *	**168.48**	182.34
TOTAL	**17,194.09**	**16,391.78**

* 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 ₹116.65 crores (Previous year ₹ 133.41 crores) for year ended 31st March, 2020 is credited to Statement of Profit and Loss and included under the head "Other operating revenue" on accrual basis.

NOTE 22B: REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2019-20	**Year 2018-19**
A. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON NATURE OF PRODUCTS OR SERVICES		
Revenue from sale of products		
Paints and allied products	**16,810.51**	15,995.78
Bath Fittings and allied products	**214.75**	201.09
Revenue from sale of services		
Revenue from home solutions operations	**-**	12.48
Others	**0.35**	0.09
Other operating revenues		
Processing and service income	**32.99**	34.47
Scrap sales	**18.84**	14.46
Other Income (Refer note 23(c)(ii))		
Royalty received		
From subsidiaries and associate	**59.88**	55.48
From others	**0.01**	0.02
Total	**17,137.33**	**16,313.87**

NOTE 22B: REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)

(₹ in Crores)

	Year 2019-20	Year 2018-19
B. REVENUE FROM CONTRACTS WITH CUSTOMERS DISAGGREGATED BASED ON GEOGRAPHY		
Home market	**17,008.83**	16,191.80
Exports	**128.50**	122.07
Total	**17,137.33**	**16,313.87**

The Company has recognized revenue of ₹ 2.61 crores (31st March, 2019: ₹ 5.06 crores) from the amounts included under advance received from customers at the beginning of the year.

NOTE 22C: RECONCILIATION OF GROSS REVENUE WITH THE REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	Year 2019-20	Year 2018-19
Gross Revenue	**19,852.04**	18,701.65
Less: Discounts	**2,714.71**	2,387.78
Net Revenue recognised from Contracts with Customers	**17,137.33**	**16,313.87**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 days. There is no significant financing component in any transaction with the customers.

The Company provides agreed upon performance warranty for selected range of products. The amount of liability towards such warranty is immaterial.

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

NOTE 23: OTHER INCOME**

(₹ in Crores)

	Year 2019-20	Year 2018-19
(a) Interest Income		
Investments in debt instruments measured at fair value through OCI	**6.43**	5.84
Other Financial assets carried at amortised cost	**35.24**	18.65
	41.67	**24.49**
(b) Dividend Income		
Dividends from quoted equity investments measured at fair value through OCI*	**5.66**	5.36
Dividends from subsidiary companies (Refer note 43)	**8.13**	7.11
Dividends from mutual fund investments measured at FVTPL	**20.94**	33.13
	34.73	**45.60**
(c) Other non-operating income		
(i) Insurance claims received	**0.19**	0.34
(ii) Royalty received		
- From subsidiaries and associate	**59.88**	55.48
- From Others	**0.01**	0.02
	59.89	**55.50**
(iii) Net gain arising on financial assets measured at FVTPL#	**75.26**	52.76
(iv) Others	**131.47**	86.21
	266.81	**194.81**
(d) Other gains and losses		
Net foreign exchange gain	**2.87**	-
Net gain on sale of property, plant and equipment	**10.50**	13.91
Net gain on modification/ termination of leases	**0.96**	6.00
	14.33	**19.91**
TOTAL	**357.54**	**284.81**

* Relates to investments held at the end of reporting period

Includes gain on sale of financial assets measured at FVTPL for ₹ 1.25 crores (Previous year ₹ 10.29 crores).

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

Notes to the Financial Statements (Contd.)

NOTE 24 (A): COST OF MATERIALS CONSUMED

(₹ in Crores)

	Year 2019-20	Year 2018-19
Raw Materials Consumed		
Opening Stock	**870.28**	728.16
Add : Purchases	**7,032.58**	7,420.33
	7,902.86	**8,148.49**
Less: Closing Stock	**864.26**	870.28
	7,038.60	**7,278.21**
Packing Materials Consumed		
Opening Stock	**38.33**	39.59
Add : Purchases	**1,402.47**	1,368.35
	1,440.80	**1,407.94**
Less : Closing Stock	**46.89**	38.33
	1,393.91	**1,369.61**
TOTAL COST OF MATERIALS CONSUMED	**8,432.51**	**8,647.82**
NOTE 24 (B): PURCHASES OF STOCK-IN-TRADE	**1,283.88**	1,010.66
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)	**1,219.38**	1,019.08
Work-in-Progress	**105.72**	95.60
Stock-in-trade- acquired for trading (including goods in transit)	**262.12**	224.68
TOTAL	**1,587.22**	**1,339.36**
Stock at the end of the year		
Finished Goods (including goods in transit)	**1,345.36**	1,219.38
Work-in-Progress	**81.67**	105.72
Stock-in-trade- acquired for trading (including goods in transit)	**370.40**	262.12
TOTAL	**1,797.43**	**1,587.22**
CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	**(210.21)**	**(247.86)**

NOTE 25: EMPLOYEE BENEFITS EXPENSE**

(₹ in Crores)

	Year 2019-20	Year 2018-19
Salaries and wages	**855.86**	779.95
Contribution to provident and other funds (Refer note 38)	**48.80**	46.61
Staff welfare expenses	**80.77**	73.58
TOTAL	**985.43**	**900.14**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 26: OTHER EXPENSES**

(₹ in Crores)

	Year 2019-20	Year 2018-19
Consumption of stores, spares and consumables	**53.79**	47.77
Power and fuel	**83.30**	88.60
Processing charges*	**117.60**	117.02
Repairs and maintenance:		
Buildings	**14.30**	17.66
Machinery	**41.11**	27.82
Other assets	**39.59**	33.00
	95.00	**78.48**
Rent and amenity charges ^	**41.35**	40.97
Rates and taxes	**9.42**	6.84
Water charges	**4.11**	4.54
Insurance	**22.04**	5.71
Printing, stationery and communication expenses	**39.20**	42.18
Travelling expenses	**105.49**	95.53
Donations	**10.39**	0.12
Corporate social responsibility expenses (Refer note 46)	**74.64**	52.70
Commission to Non Executive Directors	**3.53**	3.97
Directors' sitting fees	**0.56**	0.68
Payment to auditors (Refer note 34)	**1.74**	1.59
Electricity expenses	**10.93**	10.76
Bank charges	**1.95**	2.13
Net loss on foreign currency transaction	**-**	1.40
Information technology expenses	**62.65**	57.84
Legal and professional expenses	**52.39**	36.45
Training and recruitment	**42.58**	33.85
Freight and handling charges	**1,088.33**	1,036.19
Advertisement expenses	**782.53**	695.40
Bad debts written off	**6.18**	2.53
Allowance for doubtful debts and advances (net)	**15.27**	4.43
Security expenses	**34.58**	30.70
Miscellaneous expenses	**85.89**	77.83
TOTAL	**2,845.44**	**2,576.21**

^Expense relating to short-term leases amounts to ₹ 0.29 crores (Previous year ₹ 0.24 crores) and leases of low value assets amounts to ₹ 23.11 crores (Previous year ₹ 21.71 crores).

*Represents variable lease payments

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 27: FINANCE COSTS**

(₹ in Crores)

	Year 2019-20	Year 2018-19
Interest on financial liabilities carried at amortised cost		
(a) Interest on bank borrowings	**0.08**	0.08
(b) Interest on bill discounting	**18.93**	23.82
(c) Interest on loan from State of Haryana	**1.59**	1.03
(d) Interest on lease liabilities	**55.70**	48.59
(e) Other Interest expense	**2.08**	1.97
Total interest expense for financial liabilities carried at amortised cost	**78.38**	**75.49**
Interest on income tax	**-**	3.11
TOTAL	**78.38**	**78.60**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

Notes to the Financial Statements (Contd.)

NOTE 28: DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in Crores)

	Year 2019-20	Year 2018-19
Depreciation of Property, Plant and Equipment (Refer note 2A)	**489.12**	352.83
Depreciation of Right-of-Use assets (Refer note 2B)	**173.03**	160.33
Amortisation of Intangible assets (Refer note 3B)	**27.82**	27.61
TOTAL	689.97	**540.77**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

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

(₹ in Crores)

Financial assets/ financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Financial assets measured at fair value through profit or loss (FVTPL)					
Investments in quoted mutual funds	4(I)D & 4(II)B	**419.59**	451.72	**431.85**	1,146.63
Investments in unquoted equity shares	4(I)(A)(a)(iii)	**1.07**	1.07	**-**	-
Forward exchange contract (net)	6	**-**	-	**-**	0.01
		420.66	**452.79**	431.85	**1,146.64**
Financial assets measured at fair value through other comprehensive income (FVTOCI)					
Investments in quoted equity shares #	4(I)(A)(b)	**521.16**	454.72	**-**	-
Investments in quoted debentures or bonds	4(I)C & 4(II)A	**106.77**	79.51	**0.50**	-
		627.93	**534.23**	0.50	**-**
Financial assets measured at amortised cost					
Investments in unquoted government securities	4(I)(B)	*****	*	**-**	-
Sundry deposits	5	**64.11**	76.00	**13.38**	12.32
Loan to related party	5	**-**	-	**7.93**	1.66
Royalty receivable	6	**-**	-	**59.30**	48.47
Due from subsidiary companies	6	**-**	-	**14.53**	14.40
Due from associate company	6	**-**	-	**2.10**	5.21
Subsidy receivable from state government	6	**232.39**	220.64	**144.54**	154.54
Term deposits held as margin money against bank guarantee and other commitments	6	**0.08**	0.06	**-**	-
Bank deposits with more than 12 months original maturity	6	**-**	-	**464.08**	163.90
Interest accrued on investments in debentures or bonds measured at FVTOCI	6	**-**	-	**4.01**	3.62
Quantity discount receivable	6	**-**	-	**158.40**	177.48
Trade receivables	10	**-**	-	**1,109.22**	1,244.95
Cash and Cash Equivalents	11A	**-**	-	**336.96**	98.33
Other Bank Balances	11B	**-**	-	**39.10**	69.19
		269.58	**296.70**	2,353.55	**1,994.07**
Financial liabilities measured at fair value through profit or loss					
Forward exchange contract (net)	16	**-**	-	**0.15**	-
		-	**-**	0.15	**-**

NOTE 29(A): CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS** (CONTD.)

(₹ in Crores)

Financial assets/ financial liabilities	Refer note	Non-Current		Current	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Financial liabilities measured at amortised cost					
Loan from State of Haryana	14	**18.50**	10.89	**5.90**	-
Loans repayable on demand - Bank overdraft	14	**-**	-	**-**	4.35
Lease Liabilities	15	**496.22**	473.86	**142.43**	125.22
Unpaid/Unclaimed dividend	16	**-**	-	**22.47**	18.86
Retention monies relating to capital expenditure	16	**0.46**	1.38	**36.40**	77.22
Payable towards capital expenditure	16	**-**	-	**43.77**	155.23
Payable towards services received	16	**-**	-	**222.65**	301.64
Payable towards stores, spares and consumables	16	**-**	-	**13.33**	8.79
Payable to employees	16	**-**	-	**153.07**	169.64
Payable towards other expenses	16	**-**	-	**621.15**	698.00
Trade payables (including Acceptances)	20	**-**	-	**1,760.08**	2,062.29
		515.18	**486.13**	**3,021.25**	**3,621.24**

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/-

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

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, 2020

(₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2020	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)(b))	**521.16**	**521.16**	**-**	**-**
Investments in quoted debentures or bonds (Refer note 4(I)C & 4(II)A)	**107.27**	**107.27**	**-**	**-**
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II)B)	**851.44**	**851.44**	**-**	**-**
Investments in unquoted equity shares (Refer note 4(I)(A)(a)(iii))	**1.07**	**-**	**-**	**1.07**
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 16)	**0.15**	**0.15**	**-**	**-**

As at 31st March, 2019

(₹ in Crores)

Financial assets/ financial liabilities	Fair value	Fair value hierarchy		
	As at 31.03.2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer note 4(I)(A)(b))	454.72	454.72	-	-
Investments in quoted debentures or bonds (Refer note 4(I)C)	79.51	79.51	-	-
Financial assets measured at fair value through profit or loss				
Investments in quoted mutual funds (Refer note 4(I)D & 4(II)B	1,598.35	1,598.35	-	-
Investments in unquoted equity shares (Refer note 4(I)(A)(a)(iii))	1.07	-	-	1.07
Financial assets measured at fair value through profit or loss				
Forward exchange contract (net) (Refer note 6)	0.01	0.01	-	-

(ii) Financial instrument measured at amortised cost

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

Notes to the Financial Statements (Contd.)

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

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

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 Board has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

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 include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
USD	**415.21**	468.50	**122.79**	121.00
EUR	**85.57**	92.90	**9.11**	9.20
SGD	**0.15**	0.33	**0.29**	0.02
GBP	**5.64**	7.54	**0.19**	3.44
SEK	**0.04**	0.08	**-**	-
JPY	**0.63**	14.18	**-**	-
Others	**1.16**	0.79	**1.06**	9.39
	508.40	**584.32**	**133.44**	**143.05**

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 36(a) and the details of unhedged exposures are given as part of Note 36(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.

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

(₹ in Crores)

Change in USD Rate	Effect on profit after tax		Effect on total equity	
	Year 2019-20	Year 2018-19	Year 2019-20	Year 2018-19
+5%	**(10.11)**	(11.68)	**(10.11)**	(11.68)
-5%	**10.11**	11.68	**10.11**	11.68

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, 2020, the carrying value of such equity instruments recognised at FVTOCI amounts to ₹ 521.16 crores (Previous year ₹ 454.72 crores). The details of such investments in equity instruments are given in Note 4 (I)(A)(b).

The Company is also exposed to price risk arising from investments in bonds and debentures recognised at FVTOCI. As at 31st March, 2020, the carrying value of such instruments recognised at FVTOCI amounts to ₹ 107.27 crores (Previous year ₹ 79.51 crores). These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds and debentures are given in Note 4(I)C & 4(II)A.

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, 2020, Other Comprehensive Income for the year ended 31st March, 2020 would increase by ₹ 46.93 crores (2018-19 ₹ 40.18 crores) and decrease by ₹ 46.93 crores (2018-19 ₹ 45.47 crores) respectively with a corresponding increase/decrease in Total Equity of the Company as at 31st March, 2020. 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, bonds and debentures), 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 given below. Additionally, considering the COVID 19 situation, the Company has also assessed the performance and recoverability of trade receivables. The Company believes that the current value of trade receivables reflects the fair value/ recoverable values.

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.

Notes to the Financial Statements (Contd.)

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

(₹ in Crores)

Movement in expected credit loss allowance on trade receivables	31.03.2020	31.03.2019
Balance at the beginning of the year	**20.94**	15.42
Loss allowance measured at lifetime expected credit losses	**14.96**	5.52
Balance at the end of the year	**35.90**	**20.94**

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 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, 2020					
Borrowings (Refer note 14)	-	31.66	-	31.66	18.50
Trade Payables (Refer note 20)	1,760.08	-	-	1,760.08	1,760.08
Lease Liabilities (Refer note 15)	189.94	480.76	118.32	789.02	638.65
Other financial liabilities (Refer note 16)	1,118.89	0.46	-	1,119.35	1,119.35
At 31st March, 2019					
Borrowings (Refer note 14)	4.35	13.80	-	18.15	15.24
Trade Payables (Refer note 20)	2,062.29	-	-	2,062.29	2,062.29
Lease Liabilities (Refer note 15)	170.43	448.48	136.03	754.94	599.08
Other financial liabilities (Refer note 16)	1,429.38	1.38	-	1,430.76	1,430.76

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

4) Risk due to outbreak of COVID 19 pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. Most of the operations have resumed post lifting of lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

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, 2020, 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 2019-20	Year 2018-19
Dividend on equity shares paid during the year		
Final dividend for the FY 2018-19 [₹ 7.65 (Previous year ₹ 6.05) per equity share of ₹ 1 each]	**733.79**	580.31
Dividend distribution tax on final dividend	**148.70**	118.80
Interim dividend for the FY 2019-20 [₹ 10.50 (Previous year ₹ 2.85) per equity share of ₹1 each] (Refer note 13)	**1,007.16**	273.37
Dividend distribution tax on interim dividend	**204.37**	54.70
	2,094.02	**1,027.18**

Proposed Dividend:

The Board of Directors at its meeting held on 23rd June, 2020 have recommended a payment of final dividend of ₹ 1.50 (Rupee one and paise fifty only) per equity share of face value of ₹ 1 each for the financial year ended 31st March, 2020. The same amounts to ₹ 143.88 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: EFFECT OF ADOPTING IND AS 116, LEASES

Changes in Accounting Policies and Disclosures:

The Company has adopted Ind AS 116, Leases retrospectively to each prior reporting period presented with effect from 1st April, 2019. Ind AS 116 primarily requires the Company, as a lessee, to recognize, at the commencement of the lease a right-to-use asset and a lease liability (representing present value of unpaid lease payments). Such right-to-use assets are subsequently depreciated and the lease liability reduced when paid, with the interest on the lease liability being recognized as finance cost, subject to certain remeasurement adjustments.

The Company has elected to use the recognition exemptions for short term leases as well as low value assets.

The Company has applied the practical expedient and thus not reassessed whether or not a contract meets the definition of lease on transition. Accordingly Ind AS 116 is applied to all the lease contracts entered before 1st April, 2018 on the initial date of application of Ind AS 116.

The effect of adopting Ind AS 116 is as follows:

(₹ in Crores)

Effect of Ind AS 116 adoption on the Balance Sheet	As at 01.04.2018	Ind AS 116 Adjustments	Post Ind AS 116
ASSETS			
Non-Current assets			
Property, Plant and Equipment	2,477.44	(142.96)	2,334.48
Right of Use Asset	-	575.04	575.04
Other non-current assets	305.81	(5.89)	299.92
Total Assets	11,587.93	426.19	12,014.12
EQUITY AND LIABILITIES			
Equity			
Other Equity	7,702.24	(42.01)	7,660.23
LIABILITIES			
Non-Current Liabilities			
Lease Liabilities	-	341.43	341.43
Deferred tax liabilities (Net)	270.33	(22.23)	248.10
Current Liabilities			
Lease Liabilities	-	149.00	149.00
Total Equity and Liabilities	11,587.93	426.19	12,014.12

Notes to the Financial Statements (Contd.)

NOTE 31: EFFECT OF ADOPTING IND AS 116, LEASES (CONTD.)

(₹ in Crores)

Effect of Ind AS 116 adoption on the Balance Sheet	As at 31.03.2019	Ind AS 116 Adjustments	Post Ind AS 116
ASSETS			
Non-Current assets			
Property, Plant and Equipment	4,580.57	(149.95)	4,430.62
Right of Use Asset	-	700.61	700.61
Other non-current assets	53.62	(20.14)	33.48
Total Assets	13,152.37	530.52	13,682.89
EQUITY AND LIABILITIES			
Equity			
Other Equity	8,791.64	(44.60)	8,747.04
LIABILITIES			
Non-Current Liabilities			
Lease Liabilities	-	473.86	473.86
Deferred tax liabilities (Net)	416.35	(23.96)	392.39
Current Liabilities			
Lease Liabilities	-	125.22	125.22
Total Equity and Liabilities	13,152.37	530.52	13,682.89

(₹ in Crores)

Effect of Ind AS 116 adoption on the Statement of Profit and Loss	Year 2018-19	Ind AS 116 Adjustments	Post Ind AS 116
REVENUE FROM OPERATIONS			
Other Income	278.81	6.00	284.81
TOTAL INCOME (I)	16,670.59	6.00	16,676.59
EXPENSES			
Employee benefits expense	902.79	(2.65)	900.14
Other expenses	2,770.42	(194.21)	2,576.21
TOTAL EXPENSES (II)	13,083.83	(196.86)	12,886.97
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) (I-II)	3,586.76	202.86	3,789.62
Finance costs	30.01	48.59	78.60
Depreciation and amortisation expense	382.18	158.59	540.77
PROFIT BEFORE TAX	3,174.57	(4.32)	3,170.25
Tax expense			
Deferred tax	160.34	(1.73)	158.61
Total tax expense	1,039.81	(1.73)	1,038.08
PROFIT AFTER TAX	2,134.76	(2.59)	2,132.17
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,116.58	(2.59)	2,113.99

(₹ in Crores)

Effect of Ind AS 116 adoption on the Statement of Cash Flow	Year 2018-19	Ind AS 116 Adjustments	Post Ind AS 116
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	3,174.57	(4.32)	3,170.25
Depreciation and amortisation expense	382.18	158.59	540.77
Finance costs	30.01	48.59	78.60
Net gain on modification/ termination of leases	-	(6.00)	(6.00)
Operating Profit before working capital changes	3,446.76	196.86	3,643.62
Decrease in other assets	66.64	14.25	80.89
Cash generated from Operating activities	3,097.98	211.11	3,309.09
Net Cash generated from Operating activities	2,184.14	211.11	2,395.25
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquiring right of use of assets	-	(17.75)	(17.75)
Net Cash (used in) Investing activities	(815.05)	(17.75)	(832.80)
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	-	(144.77)	(144.77)
Finance costs paid	(25.79)	(48.59)	(74.38)
Net Cash (used in) Financing activities	(895.80)	(193.36)	(1,089.16)

NOTE 31: EFFECT OF ADOPTING IND AS 116, LEASES (CONTD.)

Effect of Ind AS 116 adoption on Earnings Per Share	2018-19 Reported	2018-19 Restated
a) Basic and diluted earnings per share in rupees (face value – ₹1 per share) (In ₹)	**22.26**	22.23
b) Profit after tax as per Statement of Profit and Loss (₹ in crores)	**2,134.76**	2,132.17
c) Weighted average number of equity shares outstanding during the year	**95,91,97,790**	95,91,97,790

Total cash flows for leases including variable lease payments is ₹ 315.81 crores (previous year ₹ 312.17 crores) which includes finance cost on lease liability of ₹ 55.70 crores (previous year ₹ 48.59 crores).

NOTE 32: CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent Liabilities

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
1. Letters of comfort issued to banks on behalf of one of its indirect subsidiary	**6.50**	6.40
2. Claims against the Company not acknowledged as debts		
i. Tax matters in dispute under appeal	**239.93**	161.23
ii. Others	**42.70**	31.33

b. Commitments

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
1. Estimated amount of contracts remaining to be executed on capital account and not provided for		
i. Towards Property, Plant and Equipment	**94.57**	105.60
ii. Towards Intangible Assets	**4.35**	3.47
	98.92	**109.07**
2. Letters of Credit and Bank guarantees issued by bankers towards procurement of goods and services and outstanding as on 31st March, 2020	**2.03**	24.83
3. For derivative contract related commitments, Refer note 36(a)		

NOTE 33: 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, 2020 IS AS FOLLOWS:

(₹ in Crores)

	Provision for Excise *		Provision for Sales tax **	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening Balance	**0.62**	0.71	**20.01**	24.78
Additions	**2.17**	-	**2.18**	5.13
Utilizations	**-**	-	**-**	-
Reversals	**(0.55)**	(0.09)	**(7.78)**	(9.90)
Closing Balance	2.24	**0.62**	14.41	**20.01**

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 34: PAYMENT TO AUDITORS (EXCLUDING GST)

(₹ in Crores)

	Year 2019-20	Year 2018-19
Statutory audit fee	**1.22**	1.08
Taxation matters	**0.12**	0.12
Certification fees and other services	**0.30**	0.30
For reimbursement of expenses	**0.10**	0.09
Total	1.74	**1.59**

Notes to the Financial Statements (Contd.)

NOTE 35: DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2019-20, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.

(₹ in Crores)

	As at 31.03.2020	As at 31.03.2019
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.		
Principal amount due to micro and small enterprise	**62.09***	42.22
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	**-**	-

*includes ₹ 16.23 crores payable towards other financial liabilities.

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 36: 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.

The forward exchange contracts used for hedging foreign Currency exposure and outstanding as at reporting date are as under:

Currency	Number of Contracts	Buy Amount (USD in mn.)	Indian Rupee Equivalent (₹ in Crores)
Forward contract to buy USD - As at 31.03.2020	5.00	4.29	32.27
Forward contract to buy USD - As at 31.03.2019	25.00	19.61	135.84

b) Exposure in foreign currency - Unhedged

The foreign currency exposure not hedged as at 31st March, 2020 are as under:

Currency	Payable (In millions FC)		Receivable (In millions FC)	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
USD	**50.67**	48.10	**16.25**	17.50
EUR	**10.29**	11.97	**1.10**	1.19
SGD	**0.03**	0.07	**0.06**	0.00
GBP	**0.61**	0.83	**0.02**	0.38
SEK	**0.06**	0.11	**0.00**	-
JPY	**9.09**	226.41	**-**	-
Others	**0.75**	0.32	**0.19**	1.76

NOTE 36: 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
USD	**382.94**	332.66	**122.79**	121.00
EUR	**85.57**	92.90	**9.11**	9.20
SGD	**0.15**	0.33	**0.29**	0.02
GBP	**5.64**	7.54	**0.19**	3.44
SEK	**0.04**	0.08	**0.00**	-
JPY	**0.63**	14.18	**-**	-
Others	**1.16**	0.79	**1.06**	9.39
	476.13	448.48	**133.44**	143.05

NOTE 37(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 31.03.2020	Amount outstanding as at 31.03.2019	Maximum balance outstanding during the year 31.03.2020	Maximum balance outstanding during the year 31.03.2019
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary	**7.93**	1.66	**7.93**	1.66

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

NOTE 37(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)(a)(i) and 4(I)(A)(a)(ii).

(ii) Details of loans given by the Company are as follows:

(₹ in Crores)

Name of the party	Relationship	As at 31.03.2020	As at 31.03.2019
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	Wholly Owned Subsidiary company	**7.93**	1.66

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

NOTE 38: 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.

Notes to the Financial Statements (Contd.)

NOTE 38: EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits: (Contd.)

a) Defined benefit gratuity plan (Funded) (Contd.)

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

Investment Risk	These Plans invest in long term debt instruments such as Government securities and highly rated corporate bonds. The valuation of which is inversely proportionate to the interest rate movements. There is risk of volatility in asset values due to market fluctuations and impairment of assets due to credit losses.
Interest Risk	The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa.
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 were carried out as at 31st March, 2020 by M/s Transvalue Consultants, 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.

NOTE 38: EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits: (Contd.)

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

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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(i)	**Opening defined benefit obligation**	**170.28**	158.08	**1.34**	1.76	**1.59**	1.52
(ii)	Current service cost	**12.47**	11.56	**-**	-	**0.07**	0.07
(iii)	Interest cost	**12.84**	12.26	**0.09**	0.27	**0.12**	0.12
(iv)	Past Service Cost	**-**	1.81	**-**	-	**-**	-
(v)	**Sub-total included in statement of profit and loss(ii+iii+iv)**	**25.31**	**25.63**	**0.09**	**0.27**	**0.19**	**0.19**
(vi)	Actuarial loss/(gain) from changes in financial assumptions	**13.64**	5.61	**0.08**	0.02	**0.17**	0.04
(vii)	Actuarial (gain) from changes in demographic assumptions	**-**	(0.14)			**-**	-
(viii)	Experience adjustment	**2.68**	1.14	**0.36**	(0.38)	**(0.11)**	(0.11)
(ix)	**Sub-total included in other comprehensive income(vi+vii+viii)**	**16.32**	**6.61**	**0.44**	**(0.36)**	**0.06**	**(0.07)**
(x)	Inter-Company Transfer	**(0.02)**	-	**-**	-	**-**	-
(xi)	Benefits paid	**(20.75)**	(20.04)	**(0.29)**	(0.33)	**(0.05)**	(0.05)
(xii)	**Closing defined benefit obligation(i+v+ix+x+xi)**	**191.14**	**170.28**	**1.58**	**1.34**	**1.79**	**1.59**
(xiii)	**Opening fair value of plan assets**	**156.38**	162.76	**-**	-	**-**	-
(xiv)	Expected return on plan assets	**11.84**	12.71	**-**	-	**-**	-
(xv)	**Sub-total included in statement of profit and loss(xiv)**	**11.84**	**12.71**	**-**	**-**	**-**	**-**
(xvi)	Actuarial loss	**7.30**	(6.05)	**-**	-	**-**	-
(xvii)	**Sub-total included in other comprehensive income (xvi)**	**7.30**	**(6.05)**	**-**	**-**	**-**	**-**
(xviii)	Contributions by employer	**26.00**	7.00	**-**	-	**-**	-
(xix)	Benefits paid	**(20.75)**	(20.04)	**-**	-	**-**	-
(xx)	**Closing fair value of plan assets (xiii+xv+xvii+xviii+xix)**	**180.77**	**156.38**	**-**	**-**	**-**	**-**
(xxi)	**Net (Asset)/ Liability (xii-xx)**	**10.37**	**13.90**	**1.58**	**1.34**	**1.79**	**1.59**
	Expense recognised in:						
(xxii)	Statement of profit and loss(v-xv)	**13.47**	12.92	**0.09**	0.27	**0.19**	0.19
(xxiii)	Statement of other comprehensive income(ix-xvi)	**9.02**	12.66	**0.44**	(0.36)	**0.06**	(0.07)

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 31.03.2020	Gratuity (Funded Plan) As at 31.03.2019
Government of India securities (Central and State)	**93.47**	92.26
High quality corporate bonds (including Public Sector Bonds)	**75.87**	55.60
Equity shares, Equity mutual funds and ETF	**5.39**	5.31
Cash (including liquid mutual funds)	**0.75**	0.44
Others	**5.29**	2.77

NOTE 38: EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits: (Contd.)

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

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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Discount Rate	**6.67%**	7.57%	**6.67%**	7.57%	**6.67%**	7.57%
Salary Escalation Rate	**All Grades- 9% for first 2 years, 8% thereafter**	All Grades- 9% for first 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Defined Benefit Obligation - Discount Rate + 100 basis points	**(15.53)**	(12.32)	**(0.09)**	(0.06)	**(0.21)**	(0.22)
Defined Benefit Obligation - Discount Rate - 100 basis points	**16.59**	13.08	**0.09**	0.07	**0.22**	0.23
Defined Benefit Obligation – Salary Escalation Rate + 100 basis points	**15.33**	11.95	**-**	-	**-**	-
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	**(14.69)**	(11.39)	**-**	-	**-**	-

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.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.59 years. (Previous year 10.24 years)

The Company expects to make a contribution of ₹ 24.31 crores (Previous year ₹ 26.37 crores) to the defined benefit plans during the next financial years.

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, 2020.

NOTE 38: EMPLOYEE BENEFITS (CONTD.)

1) Post-employment benefits: (Contd.)

d) Provident Fund (Contd.)

The Company contributed ₹ 13.63 crores (Previous Year ₹ 13.45 crores) towards Asian Paints Office Provident Fund during the year ended 31st March, 2020. The Company contributed ₹ 9.56 crores (Previous Year ₹ 7.58 crores) towards Asian Paints Factory Employees Provident Fund during the year ended 31st March, 2020.

The details of the Asian Paints Office Provident Fund and plan assets position as at 31st March, 2020 is given below:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of benefit obligation at period end	**324.14**	289.36
Plan assets at period end, at fair value, restricted to ^	**324.14**	289.36
Asset recognized in balance sheet	**-**	-

^ The Company has provided ₹ 1.31 crores towards likely shortfall in interest payout at the rate announced by the Central Board of Trustees of EPFO which is yet to be notified by the EPFO. It is included in plan assets of the Fund.

The details of the Asian Paints Factory Employees Provident Fund and plan assets position as at 31st March, 2020 are given below:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of benefit obligation at period end	**256.50**	224.58
Plan assets at period end, at fair value, restricted to	**256.50**	224.58
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):

Particulars	As at 31.03.2020	As at 31.03.2019
Discounting Rate	**6.67%**	7.57%
Expected Guaranteed interest rate	**8.50%***	8.65%

*Rate mandated by EPFO for the FY 2019-20 and the same is used for valuation purpose.

2) Other Long term employee benefits:

Annual Leave and Sick Leave assumptions

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2020 based on actuarial valuation carried out by using Projected Accrued Benefit Method resulted in increase in liability by ₹ 19.70 crores. (Previous Year- increased by ₹11.48 crores)

(a) Financial Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Discount Rate	**6.67%**	7.57%
Basic salary increases allowing for Price inflation	**All Grades- 9% for first 2 years 8% thereafter**	All Grades- 9% for first 3 years 8% thereafter

Notes to the Financial Statements (Contd.)

NOTE 38: EMPLOYEE BENEFITS (CONTD.)

2) Other Long term employee benefits: (Contd.)

(b) Demographic Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	**IALM (2012-14) Ultimate**	IALM (2012-14) Ultimate
Employee Turnover	**Upto 34 yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs-1.80%**	Upto 34 yrs - 10.30%, 35-44 yrs - 4.90%, Above 44yrs-1.80%
Leave Availment Ratio	**5%**	5%

NOTE 39: During the previous year ended 31st March, 2019, the Company had charged ₹ 34.00 crores, being the change in remeasurement of the defined benefit plans, in Other comprehensive income due to impairment in the value of investments made in securities of IL&FS limited and IL&FS Financial Services Limited by the trusts' managing the defined benefit plans of the Company.

NOTE 40: A competitor of the Company had filed a complaint with the Competition Commission of India (CCI) alleging the Company to be hindering its entry in the decorative paints market by virtue of unfair use of the Company's position of dominance in the market. On 14th January, 2020, the CCI passed a prima facie Order under the provisions of the Competition Act, 2002 directing the Director General (DG) to conduct an investigation into the matter. The Company has received notice on 22nd June, 2020 from the office of the DG requesting the Company to provide certain information and documents. The Company is in the process of furnishing the same.

NOTE 41: The Board of Directors of the Company and of Reno Chemicals Pharmaceuticals and Cosmetics Private Limited ('Reno'), a wholly owned subsidiary of the Company at their meetings held on 22nd January, 2020 and 20th January, 2020 respectively, had approved the Scheme of Amalgamation of Reno with the Company, subject to necessary statutory and regulatory approvals, including approval of the National Company Law Tribunal (NCLT) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Company is in the process of complying with the directions of the NCLT as specified in their Order dated 22nd April, 2020. Pending the approval by NCLT and other regulatory approvals, no accounting effect has been given for the scheme in the financial statements.

NOTE 42: EARNINGS PER SHARE**

	2019-2020	2018-2019
a) Basic and diluted earnings per share in rupees (face value – ₹1 per share)* (In ₹)	**27.67**	22.23
b) Profit after tax as per Statement of Profit and Loss (₹ in crores)	**2,653.95**	2,132.17
c) Weighted average number of equity shares outstanding during the year	**95,91,97,790**	959,197,790

* 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.

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020

a) Associates:

PPG Asian Paints Private Limited

Wholly owned subsidiaries of PPG Asian Paints Private Limited:

a) Revocoat India Private Limited

b) PPG Asian Paints Lanka Private Limited

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD.)

b) Subsidiaries: (where control exists)

Direct Subsidiaries:

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2020	% of Holding as at 31.03.2019
Asian Paints (Nepal) Private Limited	Nepal	**52.71**	51.00
Asian Paints Industrial Coatings Limited	India	**100.00**	100.00
Asian Paints International Private Limited	Singapore	**100.00**	100.00
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited (Refer note 41)	India	**100.00**	100.00
Maxbhumi Developers Limited	India	**100.00**	100.00
Sleek International Private Limited	India	**100.00**	100.00
Asian Paints PPG Private Limited	India	**50.00**	50.00

Indirect Subsidiaries:

i) Subsidiaries of Asian Paints International Private Limited, Singapore

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2020	% of Holding as at 31.03.2019
Berger Paints Singapore Pte Limited **	Singapore	**-**	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
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) 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**	100.00

**On 16th September, 2019, Asian Paints International Private Limited, Singapore ('APIPL'), subsidiary of the Company entered into a Share Purchase Agreement with Omega Property Investments Pty Ltd., Australia for divestment of its entire stake in Berger Paints Singapore Pte. Limited, Singapore ('BPS'). The said transaction was concluded on 17th September, 2019.

ii) Subsidiary of Enterprise Paints Limited

Name of the Company	Country of Incorporation	% of Holding as at 31.03.2020	% of Holding as at 31.03.2019
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 31.03.2020	% of Holding as at 31.03.2019
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 31.03.2020	% of Holding as at 31.03.2019
Berger Paints Bahrain W.L.L.	Bahrain	**100.00**	100.00

Notes to the Financial Statements (Contd.)

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD.)

c) Key Managerial Personnel:

Name	Designation
Shri K. B. S. Anand	Managing Director & CEO (Retired on 31st March, 2020)
Shri Amit Syngle	Managing Director & CEO (w.e.f 1st April, 2020)
Shri Jayesh Merchant	CFO & Company Secretary, President – Industrial JVs (Retired on 26th November, 2019)
Shri R J Jeyamurugan	CFO & Company Secretary (w.e.f 27th November, 2019)
Non-Executive Directors	
Shri. Ashwin Dani	Shri. M.K. Sharma
Shri. Abhay Vakil	Mrs. Vibha Paul Rishi
Shri. Malav Dani	Shri. R Seshasayee
Ms. Amrita Vakil	Shri Jigish Choksi (w.e.f 1st April, 2019)
Shri. Manish Choksi (w.e.f. 22nd October, 2018)	Shri. Suresh Narayanan (w.e.f 1st April, 2019)
Shri. Deepak Satwalekar	Mrs. Pallavi Shroff (w.e.f 1st April, 2019)
Dr. S. Sivaram	Shri. Mahendra Shah (upto 31st March, 2019)
Late Shri. Ashwin Choksi (upto 19th September, 2018)	Shri. S. Ramadorai (upto 31st March, 2019)
Shri. Mahendra Choksi (upto 31st March, 2019)	

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

Shri. Shri. Varun Vakil
Shri. Manish Choksi*

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

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

Addverb Technologies Pvt Ltd	Hiren Holdings Pvt. Ltd.	Pragati Chemicals Ltd.
Advaita Charitable Trust	Hitech Corporation Ltd.	Pratham Education Foundation *
Ankleshwar Industrial Development Society **	Hitech Specialities Solutions Ltd.	Rayirth Holding And Trading Company Pvt. Ltd.
ARI Designs LLP	Jalaj Trading And Investment Company Pvt. Ltd.	Resins and Plastics Ltd.
Ashwin Ina Charitable Trust	Jaldhar Investments And Trading Company Pvt. Ltd	Ricinash Oil Mill Ltd.
Ashwin Suryakant Dani (HUF)	Lambodar Investments And Trading Company Ltd.	Rupen Investment and Industries Pvt. Ltd.
Asteroids Trading And Investments Pvt Ltd	Lyon Investment and Industries Pvt. Ltd.	Sattva Holding and Trading Pvt. Ltd.
Castle Investment & Industries Pvt. Ltd.	Murahar Investments And Trading Company Ltd.	Satyadharma Investments And Trading Company Pvt Ltd.
Centaurus Trading And Investments Pvt. Ltd.	Navbharat Packaging Industries Ltd.	Shardul Amarchand Mangaldas & Co. ^
Dani Charitable Foundation	Nehal Trading and Investments Pvt. Ltd.	Smiti Holding And Trading Company Pvt. Ltd.
Dani Finlease Ltd.	Paladin Paints And Chemicals Pvt. Ltd.	Sudhanva Investments And Trading Company Pvt. Ltd.
Doli Trading and Investments Pvt. Ltd.	Param-Arth Charitable Trust	Suptaswar Investments And Trading Company Ltd.
Elcid Investments Ltd.	Parekh Plast India Ltd.	Tru Trading And Investments Pvt. Ltd.
ELF Trading And Chemicals Mfg. Ltd.	Pious Charitable Trust	Unnati Trading And Investments Pvt. Ltd.
Geetanjali Trading and Investments Pvt. Ltd.	Piramal Swasthya Management and Research Institute	Vikatmev Containers Ltd.
Gujarat Organics Ltd.		

* w.e.f. 18th September, 2019
** w.e.f. 22nd October, 2019
^ w.e.f. 21st January, 2020

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)

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD.)

g) Details of related party transactions during the year ended 31st March, 2020:

(₹ in Crores)

Particulars	Associate		Subsidiaries		Key Managerial Personnel		Close Family Members of Key Managerial Personnel		Entities Controlled/ Significantly influenced by Directors/Close Family Members of Directors		Other Entities where significant influence exist	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue from sale of products	**10.97**	18.09	**34.48**	44.70	**0.00 ***	-	**-**	-	**-**	0.28	**-**	-
Processing of goods (Income)	**16.48**	19.47	**21.63**	20.71	**-**	-	**-**	-	**-**	-	**-**	-
Interest Income	**-**	-	**0.23**	0.06	**-**	-	**-**	-	**-**	-	**-**	-
Royalty Income	**3.61**	3.78	**57.72**	53.16	**-**	-	**-**	-	**-**	-	**-**	-
Other non operating income	**11.29**	11.28	**19.71**	15.67	**-**	-	**-**	-	**-**	-	**-**	-
Sitting Fees Received (from subsidiaries for nominee directors)	**-**	-	**0.58**	0.57	**-**	-	**-**	-	**-**	-	**-**	-
Other services – paid	**-**	-	**2.39**	1.97	**-**	-	**-**	-	**1.67**	0.03	**-**	-
Reimbursement of Expenses - received	**0.15**	0.33	**23.02**	19.42	**-**	-	**-**	-	**-**	-	**-**	-
Dividend received	**-**	-	**8.13**	7.11	**-**	-	**-**	-	**-**	-	**-**	-
Purchase of goods	**0.03**	0.03	**2.41**	4.02	**-**	-	**-**	-	**535.18**	537.55	**-**	-
Purchase of assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	3.73	**-**	-
Remuneration	**-**	-	**-**	-	**22.76 ****	16.91	**0.54**	3.25	**-**	-	**-**	-
Retiral benefits	**-**	-	**-**	-	**10.68**	0.18	**-**	3.50	**-**	-	**-**	-
Commission to Non-executive Directors	**-**	-	**-**	-	**3.53**	3.97	**-**	-	**-**	-	**-**	-
Sitting Fees Paid to Non-executive Directors	**-**	-	**-**	-	**0.56**	0.68	**-**	-	**-**	-	**-**	-
Reimbursement of Expenses - paid	**-**	-	**1.40**	1.62	**-**	-	**-**	-	**-**	-	**-**	-
Dividend Paid	**-**	-	**-**	-	**73.99**	35.75	**110.83**	54.91	**734.28**	360.02	**-**	-
Contributions during the year (includes Employees' share and contribution)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**92.87**	96.06
Investment made	**-**	-	**379.84**	-	**-**	-	**-**	-	**-**	-	**-**	-
Loan given	**-**	-	**6.25**	1.65	**-**	-	**-**	-	**-**	-	**-**	-
Sale of assets	**0.48**	0.27	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Corporate Social Responsibility Expenses	**-**	-	**-**	-	**-**	-	**-**	-	**1.98**	3.17	**-**	-
Outstanding as at 31st March	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Loan given	**-**	-	**7.93**	1.66	**-**	-	**-**	-	**-**	-	**-**	-
Trade and other receivables	**4.01**	8.87	**79.31**	75.17	**-**	-	**-**	-	**#**	#	**-**	-
Trade and other payables	**0.02**	0.01	**2.27**	2.42	**9.73**	9.22	**-**	-	**1.58**	6.20	**5.37**	29.14

Trade and other receivables for Entities Controlled/Significantly influenced by Directors/Close Family Members of Directors- Current year ₹ 20,827/- (Previous year ₹ 37,858).

* Revenue from sale of goods to Key Managerial personnel - Current year - ₹ 42,687/-

** Includes remuneration of ₹ 1,75,15,148/- paid to Shri Manish Choksi for his past services in his erstwhile capacity as employee of the Company.

Note: The Company has issued letters of comfort to banks on behalf of some of its operating subsidiaries from time to time and the financial support based on such letters is limited to ₹ 6.50 crores (Previous year ₹ 6.40 crores) as on 31st March, 2020.

Notes to the Financial Statements (Contd.)

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (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, 2020, the Company has recorded an amount of ₹ 0.30 crores from Asian Paints (Bangladesh) Ltd (Previous year ₹ 0.20 crores) as provision for doubtful debts on account of receivables. As at 31st March, 2020, the provision for doubtful receivables is ₹ 1.27 crores for Asian Paints (Bangladesh) Ltd (Previous year ₹ 1.00 crores)

   During the year ended 31st March, 2020, the Company has written off ₹ 0.03 crores towards doubtful receivables from Asian Paints (Bangladesh) Ltd.

   The above mentioned assessment is undertaken each financial year through examining the financial position of related parties, the market and regulatory environment in which related party operate and the accounting policy of the Company.
3. During the year ended 31st March, 2020, the Company has provided an additional loan ₹ 6.25 crores (₹ 1.65 crores in previous year) to its wholly owned subsidiary, Reno Chemicals Pharmaceuticals & Cosmetics Private Limited for its business activities. The loan is unsecured and repayable within a period of one year. The interest rate is in line with the prevailing yield of one year Government Security and the same is quarterly revised.

Compensation of key management personnel of the Company:

(₹ in Crores)

	2019-20	2018-19
Short-term employee benefits	**25.55**	21.56
Post-employment benefits	**10.68**	0.18
Other long-term benefits	**1.30**	-
Total compensation paid to key management personnel	**37.53**	**21.74**

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

(₹ in Crores)

	2019-20	2018-19
Revenue from sale of products		
PPG Asian Paints Private Limited	**10.97**	18.09
Asian Paints (Nepal) Private Limited	**10.19**	10.39
Asian Paints PPG Private Limited	**7.55**	9.18
Kadisco Paint and Adhesive Industry Share	**4.52**	7.47
Asian Paints (Bangladesh) Limited	**3.76**	6.31
Others	**8.46**	11.63
	45.45	**63.07**
Processing of Goods (Income)		
Asian Paints PPG Private Limited	**21.63**	20.71
PPG Asian Paints Private Limited	**16.48**	19.47
	38.11	**40.18**
Interest Income		
Reno Chemicals Pharmaceuticals and Cosmetics Private Limited	**0.23**	0.06
	0.23	**0.06**
Royalty Income		
SCIB Chemicals S.A.E., Egypt	**11.59**	10.10
Asian Paints (Bangladesh) Limited	**9.93**	8.84
Asian Paints PPG Private Limited	**9.12**	8.97
Asian Paints International Private Limited	**7.06**	6.14
Asian Paints (Nepal) Private Limited	**6.73**	6.86
Others	**16.90**	16.03
	61.33	**56.94**
Other non operating income		
PPG Asian Paints Private Limited	**11.13**	11.11
Asian Paints International Private Limited	**5.33**	4.23
Asian Paints PPG Private Limited	**7.68**	6.46
Sleek International Private Limited	**4.74**	3.24
Others	**2.12**	1.91
	31.00	**26.95**

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD.)

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

(₹ in Crores)

	2019-20	2018-19
Sitting Fees Received (from subsidiaries for nominee directors)		
Asian Paints International Private Limited	0.58	0.57
	0.58	0.57
Other Services Paid		
Addverb Technologies Pvt Ltd	1.38	-
Asian Paints International Private Limited	1.32	1.25
Berger Paints Emirates LLC	0.89	0.25
SCIB Chemicals S.A.E., Egypt	-	0.29
Others	0.47	0.21
	4.06	2.00
Reimbursement of Expenses – Received		
Sleek International Private Limited	10.96	8.59
Asian Paints PPG Private Limited	3.56	4.13
Asian Paints International Private Limited	5.19	3.13
Others	3.46	3.90
	23.17	19.75
Dividend Received		
Asian Paints (Nepal) Private Limited	8.13	7.11
	8.13	7.11
Purchase of Goods		
Hitech Corporation Limited	350.70	341.91
Parekhplast India Limited	119.68	122.90
Others	67.24	76.79
	537.62	541.60
Purchase of Assets		
Addverb Technologies Pvt. Ltd.	-	3.73
	-	3.73
Remuneration		
Shri. K.B.S. Anand	14.41	11.81
Shri. Jayesh Merchant	5.99	5.10
Shri. Manish Choksi	1.75	2.80
Shri. Varun Vakil	0.54	0.45
Shri R J Jeyamurugan	0.61	-
	23.30	20.16
Retiral Benefits		
Shri. K.B.S. Anand	6.36	-
Shri. Jayesh Merchant	4.18	-
Shri. Manish Choksi	-	3.50
Shri. Ashwin Dani	0.07	0.07
Shri. Abhay Vakil	0.07	0.08
Late Shri. Ashwin Choksi	-	0.03
	10.68	3.68
Commission to Non Executive Directors		
Shri. Ashwin Dani	0.32	0.35
Shri. Abhay Vakil	0.25	0.28
Shri. Malav Dani	0.27	0.30
Ms. Amrita Amar Vakil	0.25	0.28
Shri. Manish Choksi	0.29	0.22
Shri. Jigish Choksi	0.25	-
Shri. Mahendra Choksi	-	0.28
Late Shri. Ashwin Choksi	-	0.18
Others	1.90	2.08
	3.53	3.97

Notes to the Financial Statements (Contd.)

NOTE 43: INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD.)

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

(₹ in Crores)

	2019-20	2018-19
Sitting Fees Paid to Non Executive Directors		
Shri M K Sharma	**0.06**	0.08
Shri Abhay Vakil	**0.06**	0.07
Shri Mahendra Shah	**-**	0.07
Others	**0.44**	0.46
	0.56	**0.68**
Reimbursement of Expenses – Paid		
Causeway Paints Lanka (Pvt) Ltd	**0.61**	0.03
PT Asian Paints Indonesia	**0.28**	0.18
Berger Paints Emirates LLC	**0.07**	0.47
Sleek International Private Limited	**0.02**	0.26
Asian Paints (Nepal) Private Limited	**0.02**	0.21
Asian Paints International Private Limited	**0.05**	0.21
Others	**0.35**	0.26
	1.40	**1.62**
Dividend Paid		
Smiti Holding And Trading Company Private Limited	**98.87**	48.13
Sattva Holding and Trading Private Limited	**98.44**	47.07
Others	**721.79**	355.48
	919.10	**450.68**
Contributions during the year (includes Employees' share and contribution)		
Asian Paints Office Provident Fund	**36.44**	51.43
Asian Paints Factory Employees Provident Fund	**29.35**	35.43
Asian Paints Management Cadres Superannuation Scheme	**1.08**	2.20
Asian Paints (India) Limited Employees' Gratuity Fund	**26.00**	7.00
	92.87	**96.06**
Investment made		
Asian Paints International Private Limited	**299.84**	-
Sleek International Private Limited	**80.00**	-
	379.84	**-**
Loan Given		
Reno Chemicals Pharmaceuticals & Cosmetics Private Limited	**6.25**	1.65
	6.25	**1.65**
Sale of Asset		
PPG Asian Paints Private Limited	**0.48**	0.27
	0.48	**0.27**
Corporate Social Responsibility Expenses		
Piramal Swasthya Management and Research Institute	**1.55**	3.17
Pratham Education Foundation	**0.22**	-
Ankleshwar Industrial Development Society	**0.21**	-
	1.98	**3.17**

All the amounts reported in Note 43 are inclusive of GST wherever applicable

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

NOTE 44: SEGMENT REPORTING** (CONTD.)

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

(₹ in Crores)

	Year 2019-20			Year 2018-19		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
A. SEGMENT REVENUE	**16,974.67**	**219.42**	**17,194.09**	16,189.66	202.12	16,391.78
B. SEGMENT RESULT	**3,660.71**	**(29.37)**	**3,631.34**	3,403.92	(30.32)	3,373.60
C. SPECIFIED AMOUNTS INCLUDED IN SEGMENT RESULT						
Depreciation and amortisation	**625.36**	**2.87**	**628.23**	475.92	2.85	478.77
Interest Income	**0.56**	**0.00***	**0.56**	0.78	0.01	0.79
Finance costs	**75.87**	**0.85**	**76.72**	71.36	0.46	71.82
Dividend Income	**8.13**	**-**	**8.13**	7.11	-	7.11
D. RECONCILIATION OF SEGMENT RESULT WITH PROFIT AFTER TAX						
SEGMENT RESULT	**3,660.71**	**(29.37)**	**3,631.34**	3,403.92	(30.32)	3,373.60
Add/(Less):						
Interest Income			**41.11**			23.70
Depreciation and amortisation			**(61.74)**			(62.00)
Net foreign exchange gain/(loss)			**2.87**			(1.40)
Dividend received			**26.60**			38.49
Net gain arising on financial assets recognised at FVTPL			**75.26**			52.76
Finance costs			**(1.66)**			(6.78)
Income taxes			**(759.08)**			(1,038.08)
Exceptional items (Refer note 45)			**(33.20)**			-
Other Un-allocable Expenses net of Un-allocable Income			**(267.55)**			(248.12)
PROFIT AFTER TAX AS PER STATEMEMT OF PROFIT AND LOSS			**2,653.95**			**2,132.17**

* Interest income of Home Improvement segment for the current year - ₹ 15,040/-

(₹ in Crores)

	31.03.2020			31.03.2019		
	PAINTS	HOME IMPROVEMENT	TOTAL	PAINTS	HOME IMPROVEMENT	TOTAL
E. OTHER INFORMATION						
Segment assets	**9,481.66**	**172.22**	**9,653.88**	9,807.35	174.91	9,982.26
Un-allocable assets			**3,933.74**			3,700.63
Total assets			**13,587.62**			**13,682.89**
Segment liabilities	**3,503.80**	**66.56**	**3,570.36**	4,148.59	78.34	4,226.93
Un-allocable liabilities			**563.97**			613.00
Total liabilities			**4,134.33**			**4,839.93**
Capital expenditure	**141.25**	**2.59**	**143.84**	1,203.28	3.69	1,206.97
Un-allocable capital expenditure			**29.57**			65.78
Total			**173.41**			**1,272.75**

(₹ in Crores)

	2019-20	2018-19
F. REVENUE FROM OPERATIONS		
India	**17,113.68**	16,313.37
Outside India	**80.41**	78.41
Total Revenue	**17,194.09**	**16,391.78**

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.

Notes to the Financial Statements (Contd.)

NOTE 44: SEGMENT REPORTING** (CONTD.)

G. RECONCILIATION BETWEEN SEGMENT REVENUE AND REVENUE FROM CONTRACTS WITH CUSTOMERS

(₹ in Crores)

	2019-20			2018-19		
	PAINTS	**HOME IMPROVEMENT**	**TOTAL**	**PAINTS**	**HOME IMPROVEMENT**	**TOTAL**
Revenue from sale of products	**16,810.51**	**214.75**	**17,025.26**	15,995.78	201.09	16,196.87
Revenue from sale of services	**0.35**	**-**	**0.35**	12.57	-	12.57
Other operating revenue	**47.16**	**4.67**	**51.83**	47.90	1.03	48.93
Add : Items not included in disaggregated revenue						
Subsidy from state government	**116.65**	**-**	**116.65**	133.41	-	133.41
Total Segment Revenue	**16,974.67**	**219.42**	**17,194.09**	**16,189.66**	**202.12**	**16,391.78**
Add : Items not included in segment revenue						
Royalty received						
-From Subsidiaries and Associate	**59.88**	**-**	**59.88**	55.48	-	55.48
-Others	**0.01**	**-**	**0.01**	0.02	-	0.02
Less : Items not included in disaggregated revenue						
Subsidy from state government	**116.65**	**-**	**116.65**	133.41	-	133.41
Revenue from contracts with customers (Refer note 22B)	**16,917.91**	**219.42**	**17,137.33**	**16,111.75**	**202.12**	**16,313.87**

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 45: EXCEPTIONAL ITEMS

(₹ in Crores)

	Year 2019-20	**Year 2018-19**
1. Impairment loss on investment in Sleek International Private Limited (Refer note a.)	**29.70**	-
2. Impairment loss on investment in Maxbhumi Developers Limited (Refer note b.)	**3.50**	-
	33.20	**-**

The Company has made an assessment of the recoverable value of investment in its subsidiaries taking into account the past business performance, prevailing business conditions and revised expectations of the future performance.

a. The recoverable value of investment in Sleek International Private Limited is the value in use determined as per discounted cash flow method. The discount rate used is 12.25%.

b. Maxbhumi Developers Limited (MBL) is an asset holding company having land held for sale. It has entered into a Memorandum of Understanding (MoU) with a buyer for sale of the land. The recoverable value of land from the proposed sale transaction less estimated incidental expenses is used to determine the value of investment in the subsidiary (Level 2 hierarchy of fair value measurement).

NOTE 46: CORPORATE SOCIAL RESPONSIBILITY EXPENSES

(₹ in Crores)

A. Gross amount required to be spent by the Company during the year 2019-20 - ₹ 57.51 crores (2018-19 - ₹ 52.35 crores)

B. Amount spent during the year on:

	2019-20			2018-19		
	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	**68.34**	**6.29**	**74.64**	46.77	5.93	52.70
	68.34	**6.29**	**74.64**	**46.77**	**5.93**	**52.70**
C. Related party transactions in relation to Corporate Social Responsibility:			**1.98**			3.17
D. Provision movement during the year:						
Opening provision			**1.58**			0.62
Addition during the year			**1.35**			1.58
Utilised during the year			**(1.58)**			(0.62)
Closing provision			**1.35**			**1.58**

*Represents actual outflow during the year.

NOTE 47: ITEMS INCLUDED IN FINANCIAL ACTIVITIES**

(₹ in Crores)

	As at 31.03.2019	Cash Flows	Other Changes	Non-cash changes: Net additions	Fair value changes	Current/ Non-current classification	As at 31.03.2020
Borrowings- Non current (Refer note 14)	10.89	17.86	-	-	(4.35)	(5.90)	**18.50**
Other Financial Liabilities (Refer note 16)	-	-	-	-	-	5.90	**5.90**
Other Liabilities (Refer note 19)	2.58	-	-	-	4.31	-	**6.89**
Borrowings - Current (Refer note 14)	4.35	-	(4.35)	-	-	-	**-**
Lease Liabilities (Refer note 15)	599.08	(148.72)	-	188.29	-	-	**638.65**

(₹ in Crores)

	As at 31.03.2018	Cash Flows	Other Changes	Non-cash changes: Net additions	Fair value changes	Current/ Non-current classification	As at 31.03.2019
Borrowings- Non current (Refer note 14)	9.87	-	-	-	1.02	-	10.89
Other Financial Liabilities (Refer note 16)	1.42	(1.42)	-	-	-	-	-
Other Liabilities (Refer note 19)	3.67	-	-	-	(1.09)	-	2.58
Borrowings - Current (Refer note 14)	-	-	4.35	-	-	-	4.35
Lease Liabilities (Refer note 15)	490.42	(144.77)	-	253.43	-		599.08

**Restated pursuant to retrospective adoption of Ind AS 116, Leases (Refer note 31)

NOTE 48: The financial statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on 23rd June, 2020.