ASIAN PAINTS (INTERNATIONAL) LIMITED

Directors' Report

The Directors herewith submit the financial statements of Asian Paints (International) Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group'), which comprise of the statements of financial position as at 31 March 2015 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended on that date and report as follows:

DIRECTORS

Directors at the date of this report are:

Jalaj Dani, Tom Thomas, Kevin Allagapen and Jimmy Wong.

OPERATIONS

Group revenue from operations for the year ended 31 March 2015 is US$ 265.89 Million (2014: US$ 251.90 Million) and profit before tax is US$ 18.53 Million (2014: US$ 21.44 Million).

FINANCIAL OPERATIONS

	The Group	
	2015 US$ Million	2014 US$ Million
Profit before tax	18.53	21.44
Income tax expense	(4.87)	(5.50)
Net profit before non-controlling interest	13.66	15.94
Available to owners	9.10	9.76
Retained earnings at the end of the year	44.43	36.69
Earnings per share	0.38	0.41

APPRECIATION

The Board wishes to place on record their appreciation to Asian Paints Limited and to the Bankers for their continued support.

AUDITORS

Deloitte Mauritius retires as the Company's auditors, and being eligible, offer themselves for re-appointment.

STATEMENT BY DIRECTORS

In the opinion of the directors, the enclosed financial statements and statement of changes in equity are drawn up so as to exhibit a true and fair view of the financial position of the Group and the Company as at 31 March 2015 and financial performance and cash flows for the year then ended of the Group and Company as at 31 March 2015.

There have been no changes in either the nature of the group's and Company's business, or in the classes of business in which the Group and Company has an interest.

Dated at Wednesday this 13th day of May, 2015.

By order of the Board

DIRECTOR

Independent Auditors' Report

To the shareholder of Asian Paints (International) Limited

This report is made solely to the shareholder of Asian Paints (International) Limited ('the Company"), as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Asian Paints (International) Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group'), on pages 2 to 53 which comprise the statements of financial position as at 31 March 2015 and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended 31 March 2015 and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and in so far as applicable to Category 1 Global Business Licence companies and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 2 to 53 give a true and fair view of the financial position of the Group and the Company as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to category 1 Global Business Licence companies.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company and their subsidiaries other than in our capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Statements of Financial Position

As at 31st March, 2015

	Notes	The Group		The Company	
		2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	52.96	35.41	-	-
Intangible assets	7	11.23	0.28	-	-
Goodwill on Consolidation	7	17.26	7.87	-	-
Investment in subsidiaries	8(a)	-	-	36.76	36.69
Retirement benefit assets	9	1.93	1.51	-	-
Finance lease receivables	26	0.04	0.05	-	-
Deferred tax assets	10(b)	1.54	1.24	-	-
Trade, other receivables and Prepayments	12	3.10	1.53	-	-
Amount due from subsidiaries		-	-	2.50	2.50
		88.06	47.89	39.26	39.19
CURRENT ASSETS					
Amount due from subsidiaries		-	-	0.47	0.71
Other Investments	8(b)	6.58	7.67	-	-
Inventories	11	47.40	41.40	-	-
Trade, other receivables and prepayments	12	54.46	48.61	0.03	0.07
Finance lease receivables	26	0.12	0.08	-	-
Cash and bank balance	13	18.88	18.18	0.43	1.12
		127.44	115.94	0.93	1.90
TOTAL ASSETS	US$	215.50	163.83	40.19	41.09
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share Capital	14	23.95	23.95	23.95	23.95
Reserves		35.97	28.24	13.58	9.47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		59.92	52.19	37.53	33.42
NON-CONTROLLING INTERESTS		33.42	25.01	-	-
TOTAL EQUITY		93.34	77.20	37.53	33.42
NON-CURRENT LIABILITIES					
Redeemable preference share capital	15	-	-	0.82	0.82
Deferred tax liability	10(a)	8.15	2.39	-	-
Loans	16	6.87	-	-	-
Obligation under finance leases	17	0.38	0.14	-	-
Trade and other payables	19	1.14	1.09	-	-
Retirement benefit obligations	18	3.42	2.59	-	-
		19.96	6.21	0.82	0.82
CURRENT LIABILITIES					
Bank overdrafts	13	3.02	1.83	-	-
Amounts due to related party		-	-	0.10	-
Trade and other payables	19	46.82	46.05	0.07	0.09
Provisions	20	0.34	0.35	-	-
Taxation	10(c)	2.11	1.57	0.10	0.19
Loans	16	49.81	30.57	1.57	6.57
Obligation under finance leases	17	0.10	0.05	-	-
		102.20	80.42	1.84	6.85
TOTAL EQUITY AND LIABILITIES	US$	215.50	163.83	40.19	41.09

DIRECTORS

The notes from pages 8 to 55 form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income For the year ended 31st March 2015

	Notes	The Group		The Company	
		31 March 2015 US$ Millions	31 March 2014 US$ Millions	31 March 2015 US$ Millions	31 March 2014 US$ Millions
Revenue	21	265.89	251.90	-	-
Investment Income	22	0.84	1.27	4.83	3.80
Other gains and (losses)	23	0.84	(0.54)	(0.32)	0.12
Changes in the inventories of finished goods, stock-in-trade and work in progress		1.14	1.32	-	-
Raw materials and consumables used		(158.89)	(152.03)	-	-
Depreciation and amortisation expenses		(3.47)	(2.91)	-	-
Employee benefits expense		(36.39)	(33.25)	-	-
Finance costs	24	(1.55)	(1.29)	(0.03)	(0.05)
Other expenses		(49.88)	(43.03)	(0.19)	(0.46)
Profit before tax		18.53	21.44	4.29	3.41
Income tax expense	10	(4.87)	(5.50)	(0.18)	(0.23)
Profit for the year		13.66	15.94	4.11	3.18
Attributable to:					
Owners of the Company		9.10	9.76	4.11	3.18
Non-controlling interests		4.56	6.18	-	-
		13.66	15.94	4.11	3.18
Earnings per share					
Basic and diluted earnings per share		0.38	0.41	0.17	0.13
Profit attributable to Owners of the Company		9.10	9.76	4.11	3.18
Number of shares		23.95	23.95	23.95	23.95
Profit for the year		13.66	15.94	4.11	3.18
Other Comprehensive (expense) / income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligations		0.91	(0.98)	-	-
Income tax relating to remeasurement of defined benefit obligations		(0.23)	0.25	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange difference arising on translation of foreign operations		(3.27)	(0.28)	-	-
Net fair value loss on investment (available for sale)		-	(0.45)	-	(0.45)
Total Other Comprehensive expense		(2.59)	(1.46)	-	(0.45)
Total comprehensive income for the year, net of tax		**11.07**	**14.48**	**4.11**	**2.73**
Total comprehensive income attributable to :					
Owners of the Company		8.01	8.82	4.11	2.73
Non-controlling interests		3.06	5.66	-	-
		11.07	**14.48**	**4.11**	**2.73**

DIRECTORS

The notes from pages 8 to 55 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31st March 2015

The Group	Note	Share Capital US$ Millions	Property Revaluation Reserve US$ Millions	Capital Reserve US$ Millions	Statutory Reserve US$ Millions	Translation Reserve US$ Millions	Retained Earnings US$ Millions	Total US$ Millions	Non-Controlling Interests US$ Millions	Total Equity US$ Millions
At 1 April 2013		23.95	0.28	0.44	1.38	(8.57)	36.23	53.71	25.16	78.87
Other comprehensive (expense)/income for the year		-	-	(0.01)	(0.01)	(0.16)	(0.75)	(0.93)	(0.52)	(1.45)
Profit for the year		-	-	-	-	-	9.76	9.76	6.18	15.94
Total comprehensive income for the year		-	-	(0.01)	(0.01)	(0.16)	9.01	8.83	5.66	14.49
Change in holding (Refer Note 8 (a))		-	-	0.39	0.29	-	(6.72)	(6.04)	(3.76)	(9.80)
Transfer to Statutory Reserve				-	0.07	-	(0.07)	-		
Capital Infusion		-	-	-	-	-	-	-	0.66	0.66
Ordinary dividend	28	-	-	-	-	-	(4.31)	(4.31)	(2.71)	(7.02)
At 31 March 2014		**23.95**	**0.28**	**0.82**	**1.73**	**(8.73)**	**34.14**	**52.19**	**25.01**	**77.20**
At 1 April 2014		23.95	0.28	0.82	1.73	(8.73)	34.14	52.19	25.01	77.20
Other comprehensive (expense)/income for the year		-	-	(0.06)	(0.18)	(1.38)	0.52	(1.10)	(1.50)	(2.60)
Profit for the year		-	-	-	-	-	9.10	9.10	4.56	13.66
Total comprehensive income for the year		-	-	(0.06)	(0.18)	(1.38)	9.62	8.00	3.06	11.06
Change in holding (Refer Note 8 (a))		-	-	0.02	0.02	-	(0.31)	(0.27)	(0.38)	(0.65)
Transfer to Statutory Reserve		-	-	-	0.10	-	(0.10)	-	-	-
Acquisition of Subsidiary	35	-	-	-	-	-		-	8.87	8.87
Ordinary dividend	28	-	-	-	-	-	-	-	(3.14)	(3.14)
At 31 March 2015		23.95	0.28	0.78	1.67	(10.11)	43.35	59.92	33.42	93.34

In accordance with local regulatory provisions in respect of some subsidiaries, specific percentage of net profits before appropriations is required to be transferred to a non-distributable reserve. Accordingly, during the year US$ 0.10 Million (2013-14: US$ 0.07 Millions) has been transferred to Statutory Reserve.

The notes from pages 8 to 55 form an integral part of these financial statements.

The Company

	Share Capital US$ Millions	Retained Earnings US$ Millions	Total Equity US$ Millions
At 1 April 2013	23.95	11.05	35.00
Profit for the year	-	3.18	3.18
Other Comprehensive Income	-	(0.45)	(0.45)
Ordinary Dividend	-	(4.31)	(4.31)
At 31 March 2014	**23.95**	**9.47**	**33.42**
Profit for the year	-	4.11	4.11
Other Comprehensive Income	-	-	-
At 31 March 2015	**23.95**	**13.58**	**37.53**

The notes from pages 8 to 55 form an integral part of these financial statements.

Statements of Cash Flows
For the year ended 31st March 2015

	Note	The Group		The Company	
		Year ended 31 March 2015 US$ Millions	Year ended 31 March 2014 US$ Millions	Year ended 31 March 2015 US$ Millions	Year ended 31 March 2014 US$ Millions
Cash Flows from operating activities					
Profit before taxation		18.53	21.44	4.29	3.41
Adjustment for:					
Depreciation and amortisation of non current assets		3.47	2.91	-	-
Provision for doubtful debts and advances		1.48	0.70	-	-
Gain on sale of investments		-	(0.23)	-	(0.23)
Profit on disposal of assets (net)		-	(0.07)	-	-
Retirement benefits expense		1.31	0.31	-	-
Net Foreign Exchange (Gain) / Loss		(1.60)	0.44	0.32	-
Finance Cost		1.55	1.29	0.03	0.05
Interest income		(0.84)	(1.29)	(0.03)	(0.01)
Dividend income	22	-	-	(4.80)	(3.79)
Operating profit before working capital		23.90	25.50	(0.19)	(0.57)
(Increase)/decrease in inventories *		0.10	(5.33)	-	-
(Increase)/decrease in receivables *		(7.81)	(6.51)	0.06	(0.05)
Increase /(decrease) in payables *		(2.66)	1.71	(0.01)	(0.01)
Decrease/(Increase) in the amount due to holding company		-	-	0.10	-
Cash generated from/(used in) operations		13.53	15.37	(0.04)	(0.63)
Income Taxes paid	10	(4.70)	(4.80)	(0.27)	(0.19)
Net cash generated from/(used in) operating activities		8.83	10.57	(0.31)	(0.82)
Cash flows from investing activities					
Payments for property, plant and equipment and intangible assets *		(14.60)	(8.48)	-	-
Proceeds from sale of property, plant and equipment and intangible assets		0.09	0.16	-	-
Proceeds from sale of available for sale investments/held to maturity investments		1.09	6.20	-	7.95
Interest received		0.84	1.27	0.01	0.01
Dividend received		-	-	5.04	5.33
Investment in Subsidiaries		(16.99)	-	(0.07)	(10.40)
Purchase of available for sale/held to maturity investments		-	(0.20)	-	(1.75)
Capital Infusion by Non-Controlling Interest		-	0.66	-	-
Payments for additional stake purchased		(0.65)	(9.79)	-	-
Net cash (used in)/generated from investing activities		(30.22)	(10.18)	4.98	1.14
Cash flows from financing activities					
Net proceeds from Loans / Finance Lease		25.59	3.02	(5.01)	5.01
Dividend Paid (Including dividend paid to Non-Controlling Interest)		(3.14)	(7.02)	(0.29)	(4.31)
Interest paid		(1.55)	(1.30)	(0.03)	(0.05)
Net cash (used in)/generated from financing activities		20.90	(5.30)	(5.33)	0.65
Net increase/(decrease) in cash and cash equivalents		(0.49)	(4.91)	(0.66)	0.97
Cash and cash equivalents as at 1 April		16.35	21.55	1.12	0.15
Net effect of exchange rate changes		-	(0.29)	(0.03)	-
Cash and cash equivalents as at 31 March	13	15.86	16.35	0.43	1.12

* Current year's figures are net of adjustments pursuant to stake acquired in Kadisco Paint and Adhesive Industry Share Company.

The notes from pages 8 to 55 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31st March 2015

1. GENERAL INFORMATION

Asian Paints (International) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is a private company incorporated in Mauritius and holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission (FSC). Its activities are those of an investment holding company and its registered office is situated at 10th floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius.

The principal activities of its subsidiary companies relate to the manufacturing and selling of paints.

The financial statements of the Company and the Group have been prepared on a going concern basis as the Company and the Group does not have accumulated losses and net worth is positive as at 31st March 2015.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2014.

2.1 Standards and Interpretations adopted with no effect on financial statements

The following relevant new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

IFRS 12 Disclosure of Interests in Other Entities – Amendments for investment entities

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2010 – 2012 Cycle (short term receivables and payables)

IAS 32 Amendments relating to the offsetting of assets and liabilities

IAS 36 Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 Amendments for novations of derivatives

IAS 27 Separate Financial Statements (as amended in 2011) - Amendments for investment entities

2.2 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IFRS 7 Financial Instruments Disclosures – Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)

IFRS 7 Financial Instruments Disclosures – Additional Hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)

IFRS 7 Financial Instruments Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)

IFRS 9 Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)

IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the exception (effective 1 January 2016)

IFRS 13 Fair Value Measurement – Amendments resulting from Annual Improvements 2011 – 2013
Cycle (scope of the portfolio exception in paragraph 52 effective 1 July 2014)

IFRS 15 Revenue from Contracts with Customers – Original issue (effective 1 January 2017)

IAS 1 Presentation of Financial Statements – Amendments resulting from the disclosure initiative (effective 1 January 2016)

IAS 24 Related Party Transactions – Amendments resulting from Annual Improvements 2010 – 2012

Cycle (management entities effective 1 July 2014)

IAS 39 Financial Instruments: Recognition and Measurement – Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception and Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortization and Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)

IAS 19 Employee Benefits - Amendments resulting from September 2014 Annual Improvements to

IFRSs (effective 1 January 2016)

IAS 27 Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)

IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective 1 January 2016)

IFRS 3 Business Combinations - Amendments resulting from Annual Improvements 2011-2013 Cycle
(scope exception for joint ventures) (effective 1 July 2014)

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)

IAS 19 Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective 1 July 2014)

IAS 38 Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle
(proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014)

IFRS 3 Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle
(accounting for contingent consideration) (effective 1 July 2014)

The directors anticipate that the adoption of these Standards and Interpretations on the above effective dates in future periods will have no material impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the International Financial Reporting Standards ("IFRS"). The reporting and functional currency is United States Dollar (US$).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability on measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transaction that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurement are categorized into Level 1, 2 or

3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liabilities.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. An investor controls an investee if and only if the investor has all the following;

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

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those applied by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Profit or loss and other comprehensive income of each component are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5

Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Statement of Profit or Loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The carrying amount of the Group's financial instruments approximates their fair values due to the short term nature of the balance involved. These instruments are measured as set out below:

(i) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated doubtful amounts are recognised in the Statement of Profit or Loss and Other Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future cash flows.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and Receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and bank overdrafts and are subject to an insignificant risk of change in value.

(iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(iv) Loans

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see note 3(m)).

(v) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Available for sale financial assets

After initial recognition, Available for Sale financial assets are measured at the fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in Statement of Profit or Loss and Other Comprehensive Income.

(viii) Held-to-maturity financial assets

Held-to-Maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity.

(ix) Impairment of financial assets

Financial Assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

For certain categories of financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and present value of the estimated future cash flows discounted at current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of financial asset is reduced by impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the amount of allowance are recognised in the statement of profit or loss.

For financial assets measured at amortised cost, if, in an subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(x) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivables and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss.

(xi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Leases

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

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental Income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to Statement of Profit or Loss and Other Comprehensive Income, unless they are directly attributable to the qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of raw materials is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The cost of finished goods includes raw material cost and other direct expenditure and production overhead at normal level of activity.

(g) Contract work in progress

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date as measured by the proportion of the certified value of work done to total contract revenue. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write-off the cost of assets, other than freehold land, over their estimated useful lives using the straight-line method. The annual rates of depreciation are as follows:

Freehold buildings	-	2% to 10%
Leasehold land and buildings	-	over terms of lease
Plant and equipment	-	5% to 25%
Motor Vehicles	-	20% to 33%
Furniture and fittings	-	10% to 25%

Depreciation is not provided on freehold land and capital work in progress.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as a difference between the sales proceeds and the carrying amounts of the assets and is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Intangible assets

- Goodwill

  Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

  For the purpose of impairment testing, goodwill is allocated to each of the Group's cash- generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash- generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

  On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

- Brands/ Country Club Membership

  Acquired Brands and Country Club membership are regarded as having indefinite useful economic lives. Accordingly these are not amortised but tested for impairment.

- Distribution Network

  The distribution network has finite useful life of 20 years, over which the asset is amortised on a straight line basis.

- Computer software

  Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life of 4 years and tested for impairment annually.

(j) Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably and;
- It is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from contracts is recognised in accordance with the Group's accounting policy on contract work-in-progress (See note (g)).

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Rental revenue

The Group's policy for recognition of revenue from operating leases is described in (e) above.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

(n) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The defined contributions for employees deputed by Asian Paints Limited within the Group are remitted to the ultimate holding company which is Asian Paints Limited. The Group's contribution to defined contribution plans is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the financial year to which they relate.

(ii) Defined benefit pension plans

Certain overseas subsidiaries operate defined benefit pensions plan. The plan is funded by contributions from employees and employer. The employees contribute at the rate of 5% of pensionable salaries. The Company's rate of contribution is determined by independent actuaries.

The cost of providing benefits is determined using the Projected Unit Credit Method with independent actuarial calculations being carried out at each reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past services cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

The valuation of funded obligations is carried out annually by independent firms of actuaries.

(iii) Other post-retirement obligations

One of the overseas subsidiaries also provides health benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. In addition, certain overseas subsidiaries also provide leaving indemnity plan benefits to the qualifying employees based on last drawn basic salary at the time of leaving of the overseas subsidiaries in accordance with the local labour laws. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plans.

(iv) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long- service leave as a result of services rendered by employees up to the reporting date.

(o) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable income for the year. Taxable income differs from income as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Foreign currency transactions and translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(q) Share capital

Share capital is recognised at the fair value of consideration received. Any excess over nominal value of shares is taken to share premium. Costs incurred for issuing new shares when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new shares when the issuance does not result in a change to equity are taken to the Statement of Profit or Loss and Other Comprehensive Income.

(r) Preference share capital

Preference share capital is recognized at fair value of consideration received and is classified as a liability. The dividend on preference capital, as and when declared is recognized in the Statement of Profit or Loss and Other Comprehensive Income as finance cost.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3, management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

4.2 Key sources of estimation uncertainty

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 discussed below.

Impairment of goodwill and investments in subsidiaries

Determining whether goodwill and investments in subsidiaries are impaired requires an estimation of the value in use of the investments and the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash- generating unit and a suitable discount rate in order to calculate present value.

Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

In determining when an investment is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

The carrying amount of goodwill at the reporting date was US$ 17.26 million (2014: US$ 7.87 millions). Impairment loss recognised for the year ended 31 March 2015 is NIL (2014: NIL).

The carrying amount of investments in subsidiaries in the Company's financial statements at the reporting date was US$ 36.76 million (2014: US$ 36.69 million), which is net of an accumulated impairment loss of US$ 7.03 million (2014: US$ 7.03 millions).

Fair value of assets and liabilities acquired in a business combination

Determining the fair value of assets and liabilities acquired in a business combination requires the use of valuation methods. The valuation methods include the use of estimates such as the expected realisable value of the inventories, estimated values of the brands and distribution network, other intangible assets and the fair value of property, plant and equipment. Changes in these estimates may affect the value of the assets acquired. The fair values of assets and liabilities acquired in a business combination are disclosed in Note 35.

Allowances for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of trade and other receivables are disclosed in note 12 to the financial statements. Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on its inventories on a periodic basis in order to determine whether an allowance is required to be made. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

The carrying amount of inventories is disclosed in note 11 to the financial statements.

Defined benefit pension plan and post retirement medical liabilities

As disclosed in note 9 (asset) and 18 (liability), certain subsidiaries in the Group operate defined benefit pension plans and provide post retirement medical benefits. The amounts shown in the statement of financial position of an asset of US$ 1.93 million (2014: US$ 1.51 million) in respect of the defined benefits plan and a liability of US$ 3.42 million (2014 : US$ 2.59 millions) in respect of post retirement medical liabilities are subject to estimates in respect of periodic costs whose costs would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan, and rates of increases in medical costs for the post retirement medical plan.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group estimates the appropriate discount rate annually to determine the present value of estimated cash outflows required to settle the pension and post-retirement benefit obligation.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have maturities approximating the related pension liabilities were considered.

The expected increase in medical costs was determined by comparing the historical relationship of actual medical cost increases with the rate of inflation in the country where a subsidiary operates post retirement medical plan. Current market conditions also impact the assumptions outlined above.

Useful lives of property, plant and equipment

Referring to Note 3 (h), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, the directors determined that there were no change to the useful lives of the property, plant and equipment.

5. FINANCIAL RISKS AND MANAGEMENT

The Group has documented risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management programme seeks to minimise potential adverse effects on financial performance of the Group. The Board of Directors provide written principles for overall risk management and written policies covering specific areas, such as market risk (including foreign currency risk and interest rate risk), credit risk, use of derivative financial instruments and liquidity risk. Periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Although the Group operates internationally, the transactions of individual subsidiaries are substantially denominated in their respective functional currencies other than their purchases which are denominated principally in United States Dollar. The Group has a policy to manage its exchange risk by taking up foreign exchange forward cover in order to mitigate the risk of exchange rate fluctuations in respect of obligations denominated in foreign currencies. There were no outstanding derivative financial instruments as at 31 March 2015.

In addition to transactional exposures, the Company has a number of investments in overseas subsidiaries, which are exposed to currency translation risks.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company are exposed to interest rate risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial assets that potentially expose the Group to concentration of credit risk consist principally of cash and cash equivalents and trade and other receivables. The directors believe that the financial risks associated with these financial instruments are minimal. The Company places its cash and cash equivalents with high credit quality institutions. The Company performs ongoing credit evaluation of its debtor's financial condition and maintains an allowance for doubtful accounts receivable based upon the expected collectability of all accounts receivables. There is no significant concentration of credit risk as the exposure is spread over a large number of counterparties and customers.

(iv) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balance, trade, other receivable and prepayments, other current financial assets, bank overdraft, Trade and other payable and other current financial liabilities approximate their fair values due to the short-term maturity of these financial assets and liabilities. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land and buildings US$ Millions	Leasehold land and buildings US$ Millions	Plant and equipment US$ Millions	Motor Vehicles US$ Millions	Furniture and fittings US$ Millions	Capital work in progress US$ Millions	Total US$ Millions
COST							
At 1 April 2013	17.13	8.33	26.69	1.44	9.13	1.06	63.78
Translation differences	(0.35)	(0.06)	(0.45)	(0.04)	(0.15)	0.01	(1.04)
Additions/Transfer	0.99	0.11	2.39	0.51	0.60	3.69	8.29
Disposals	-	-	(0.31)	(0.27)	(0.91)	-	(1.49)
At 31 March 2014	17.77	8.38	28.32	1.64	8.67	4.76	69.54
Translation differences	(1.24)	(0.39)	(1.33)	(0.09)	(0.36)	(0.07)	(3.48)
Additions/Transfer	4.55	0.02	4.34	0.43	1.00	4.19	14.53
Acquisition through Business Combinations (Refer note 35)	-	6.19	2.99	0.63	0.12	-	9.93
Disposals	-	-	(0.49)	(0.12)	(0.31)	-	(0.92)
At 31 March 2015	**21.08**	**14.20**	**33.83**	**2.49**	**9.12**	**8.88**	**89.60**

The Group	Freehold land and buildings US$ Millions	Leasehold land and buildings US$ Millions	Plant and equipment US$ Millions	Motor Vehicles US$ Millions	Furniture and fittings US$ Millions	Capital work in progress US$ Millions	Total US$ Millions
DEPRECIATION							
At 1 April 2013	2.12	6.34	16.58	1.15	7.05	-	33.24
Translation differences	(0.06)	(0.04)	(0.28)	(0.04)	(0.14)	-	(0.56)
Charge for the year	0.30	0.19	1.58	0.19	0.59	-	2.85
Disposals	-	-	(0.26)	(0.25)	(0.89)	-	(1.40)
At 31 March 2014	2.36	6.49	17.62	1.05	6.61	-	34.13
Translation differences	(0.11)	(0.29)	(0.68)	(0.06)	(0.26)	-	(1.40)
Charge for the year	0.36	0.24	1.87	0.26	0.63	-	3.36
Acquisition through Business Combinations	-	0.41	0.73	0.18	0.06	-	1.38
Disposals	-	-	(0.46)	(0.11)	(0.26)	-	(0.83)
At 31 March 2015	**2.61**	**6.85**	**19.08**	**1.32**	**6.78**	**-**	**36.64**
CARRYING AMOUNT							
At 31 March 2015	18.47	7.35	14.75	1.17	2.34	8.88	52.96
At 31 March 2014	**15.41**	**1.89**	**10.70**	**0.59**	**2.06**	**4.76**	**35.41**

(i) The carrying amounts of the Group's motor vehicles include an amount of US$ 0.35 million (2014: US$ 0.18 million) in respect of assets held under finance leases.

(ii) During the year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review did not lead to the recognition of the impairment charge for the year.

(iii) The Group's property, plant and equipment include:

- the leasehold land and buildings of a subsidiary revalued by a firm of professional valuer in April 1985 (based on the existing use basis); and
- the leasehold land and buildings and plant and equipment of a subsidiary revalued by a firm of professional valuer in March 1988 (based on the existing use basis).

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The above revaluations were performed as a one-off exercise as it is not the Group's policy to carry out a revaluation on a regular basis.

At 31 March 2015 and 2014, had these leasehold land and buildings and plant and equipment been carried at historical cost less accumulated depreciation and accumulated impairment losses, they would have been fully depreciated.

(iv) Freehold land includes land value amounting to US $ 1.38 million (2014: US$ 1.54 million), for which SCIB Chemicals, S.A.E., Egypt has paid full amount but the title has not yet been transferred pending fulfilment of certain conditions as per the agreement.

(v) Also refer note 13 and 16

7. INTANGIBLE ASSETS

	The Group					
	Goodwill	Brand	Distribution Network	Computer Software	Club Membership	Total
	US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
AT COST						
At 1 April 2013	9.89	-	-	0.46	0.08	10.43
Translation differences	(0.01)	-	-	(0.01)	-	(0.02)
Additions	-	-	-	0.19	-	0.19
Disposals	-	-	-	(0.02)	-	(0.02)
At 31 March 2014	9.88	-	-	0.62	0.08	10.58
Translation differences	(0.03)	-	-	(0.04)	(0.01)	(0.08)
Additions	9.42	8.62	2.39	0.07	-	20.50
Disposals	-	-	-	-	-	-
At 31 March 2015	19.27	8.62	2.39	0.65	0.07	31.00

Additions during the current year in Goodwill, Brand and Distribution Network are pursuant to acquisition through Business Combination.

The Group

	Goodwill	Brand	Distribution Network	Computer Software	Club Membership	Total
	US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
AMORTIZATION / IMPAIRMENT						
At 1 April 2013	2.01	-	-	0.32	0.06	2.39
Translation differences	-	-	-	-	-	-
Charge for the year	-	-	-	0.06	-	0.06
Disposals	-	-	-	(0.02)	-	(0.02)
At 31 March 2014	2.01	-	-	0.36	0.06	2.43
Translation differences	-	-	-	(0.03)	-	(0.03)
Charge for the year	-	-	0.02	0.09	-	0.11
Disposals	-	-	-	-	-	-
At 31 March 2015	2.01	-	0.02	0.42	0.06	2.51
CARRYING AMOUNT						
At 31 March 2015	17.26	6.62	2.37	0.23	0.01	28.49
At 31 March 2014	7.87	-	-	0.26	0.02	8.15

Based on impairment tests for the intangible assets, there is no impairment to be recognised apart from the amounts already accounted for.

- The brands have indefinite useful life as the registration of brands can be renewed indefinitely and management assessed that brands will continue to generate future cash flows for the Group indefinitely. Accordingly, the brands are not amortised.

- The distribution network has finite useful life of 20 years, over which the asset is amortised on a straight line basis.
- Country club membership is stated at cost, net of impairment loss.

8. INVESTMENTS

(a) In subsidiaries

	2015			2014		
	US$ Millions			US$ Millions		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
AT COST	-	43.72	43.72	11.90	21.41	33.31
Additions	-	0.07	0.07	9.77	0.64	10.41
Transfer	-	-	-	(21.67)	21.67	
Total		43.79	43.79		43.72	43.72
Provisions for impairment	-	(7.03)	(7.03)	-	(7.03)	(7.03)
At 31 March	-	36.76	36.76	-	36.69	36.69
Movement in the Provision for Impairment						
At 1 April	-	7.03	7.03	-	7.03	7.03
At 31 March	-	7.03	7.03	-	7.03	7.03

Unquoted investments in subsidiaries are valued at cost less impairment.

- During the previous year, the Company acquired an additional stake of 46.69% through off market transactions in its subsidiary, Berger International Limited ("BIL"), voluntary unconditional cash offer and open market purchases.
- During the year, the Company acquired an additional stake of 0.02% in its subsidiary, Berger International Limited ("BIL"). Subsequently, after approval of selective capital reduction by High Court in Singapore, BIL became wholly owned subsidiary of the Company on 30th July 2014.
- BIL, an subsidiary of the Company, acquired 51% stake in Kadisco Paint and Adhesive Industry Share Company, Ethiopia (Formerly known as Kadisco Chemical Industry PLC) ("Kadisco") for a consideration of US$ 18.65 million in cash on 9th February 2015.
- PT Asian Paints Indonesia has been incorporated in Indonesia as a wholly owned subsidiary of BIL.

Subsidiaries in which the Company holds direct control

Details of Investee companies	Type of shares	Holdings 2015	Holdings 2014	Place of incorporation	Auditors	At cost	
						2015	2014
						US$ Millions	US$ Millions
Asian Paints (Lanka) Limited	Ordinary	99.18%	99.18%	Sri Lanka	KPMG Ford, Rhodes, Thorton & Co.	7.93	7.93
Asian Paints (South Pacific) Limited	Ordinary	54.07%	53.15%	Fiji Islands	Ernst & Young, Suva	1.10	1.03
Asian Paints (Tonga) Limited	Ordinary	100.00%	100.00%	Kingdom of Tonga	Ernst & Young, Suva	0.48	0.48
Asian Paints (S.I) Limited	Ordinary	75.00%	75.00%	Solomon Islands	Ernst & Young, Suva	0.26	0.26
Asian Paints (Vanuatu) Limited	Ordinary	60.00%	60.00%	Republic of Vanuatu	Ernst & Young, Suva	0.54	0.54
Asian Paints (Bangladesh) Limited	Ordinary	89.78%	89.78%	Bangladesh	Rahman Rahman Huq, Dhaka	5.57	5.57
Asian Paints (Middle East) Limited *	Ordinary	49.00%	49.00%	Sultanate of Oman	BDO Jawad Habib, Oman	0.91	0.91
SCIB Chemicals, S.A.E.	Ordinary	60.00%	60.00%	Egypt	Saleh, Baoum & Abdel Aziz - Deloitte	4.85	4.85
Berger International Limited	Ordinary	100.00%	96.79%	Singapore	Deloitte & Touche, Singapore	21.67	21.67
Samoa Paints Limited	Ordinary	80.00%	80.00%	Samoa	Lesa ma Penn, Samoa	0.48	0.48
						43.79	**43.72**

* By virtue of management agreement with the other shareholders of Asian Paints (Middle East) Limited, the Company has control over the investee. Hence, the said investee is considered as subsidiary.

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Subsidiaries in which the Company holds indirect control

Details of subsidiaries in Berger International Limited

Details of Investee companies	Types of Shares	% Holding 2015	% Holding 2014	Place of Incorporation	Auditors
Berger Paints (Singapore) Pte Ltd.	Ordinary	100.00%	100.00%	Singapore	Deloitte & Touche (Singapore)
Enterprise Paints Limited.	Ordinary	100.00%	100.00%	Isle of Man, United Kingdom	Crow Clark Whitehill LLP.
Lewis Berger (Overseas Holdings) Ltd.	Ordinary	100.00%	100.00%	United Kingdom	Crow Clark Whitehill LLP.
Universal Paints Limited.	Ordinary	100.00%	100.00%	Isle of Man, United Kingdom	Crow Clark Whitehill LLP.
Nirvana Investments Limited	Ordinary	100.00%	100.00%	Isle of Man, United Kingdom	Crow Clark Whitehill LLP.
Berger Paints Jamaica Limited	Ordinary	51.00%	51.00%	Jamaica	Deloitte & Touche (Jamaica)
Berger Paints Trinidad Limited	Ordinary	70.00%	70.00%	Trinidad	Deloitte & Touche (Trinidad)
Berger Paints Barbados Limited	Ordinary	100.00%	100.00%	Barbados	Pricewaterhouse Coopers (Barbados)
Berger Paints Emirates LLC	Ordinary	100.00%	100.00%	United Arab Emirates	Deloitte & Touche (United Arab Emirates)
Berger Paints Bahrain W.L.L.	Ordinary	100.00%	100.00%	Bahrain	Deloitte & Touche (Bahrain)
Kadisco Paint And Adhesive Industry Share Company*	Ordinary	51.00%	-	Ethiopia	Taddesse Worldegabriel & Co.
PT Asian Paints Indonesia **	Ordinary	100.00%	-	Indonesia	Osman Bing Satrio and Eny.

* Acquired during the year.

** Incorporated during the year

(b) Other investments

Available for Sale	**The Group**		**The Company**	
Valued at Market price	**2015 US$ Millions**	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Quoted Bonds				
At 1 April	-	6.42	-	6.42
Additions				
Disposals*	-	(6.42)	-	(6.42)
At 31 March	-	-	-	-

Held to Maturity	**The Group**		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Quoted Bonds				
At 1 April	7.67	7.47	-	-
Additions	-	0.20	-	-
Disposals	(1.09)	-		
At 31 March	6.58	7.67	-	-
Total Other Investments	**6.58**	**7.67**	-	-

* The Company sold its investments in Franklin Templeton GLB Bond, Pictet SICV GLB Emerging fund, PIMCO fund during the year ended 31st March 2014.

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9. RETIREMENT BENEFIT ASSETS

Certain overseas subsidiaries operate defined benefit plans scheme. These plans are salary defined benefit plans and are fully funded. The assets of the fund are held separately from those of the subsidiaries in an independently administered fund. The plans are funded by payments from employees and the subsidiaries based on the recommendations of independent qualified actuaries. These plans are valued by independent actuaries using the projected unit credit method. The information that follows is extracted from the actuarial reports of the subsidiaries dated 31 March 2015, 24 April 2015, 30 March 2015, (2014 : 4 April 2014, 1 April 2014, 27 March 2014, 4 March 2014, 1 April 2014). The actuarial valuations were carried out by Rambarran & Associates Limited, Bacon Woodrow & de Souza Limited, Eckler Partners Ltd, Aon Services India Private Ltd and Singhal Associates Private Ltd respectively The defined benefit pension plans as disclosed above are recognised in the financial statements as follows:

	The Group	
	2015	2014
Amount recognised in Statement of Financial Position	US$ Millions	US$ Millions
Present value of funded obligations	17.02	16.75
Fair value of Plan Assets	(19.08)	(18.26)
Amount not recognised as Asset	0.13	-
Defined Benefit Assets	(1.93)	(1.51)

Amount recognised in Statement of Profit or Loss and Other Comprehensive Income	The Group	
	2015 US$ Millions	**2014 US$ Millions**
Current service cost	(0.39)	(0.41)
Interest cost	0.12	(1.10)
Expected return on plan assets	(0.03)	1.30
Actuarial (loss) / Gain recognised		-
Adjustment for current year unutilised asset	-	-
Admin & other non-plan investment management expenses	-	(0.03)
Total included in staff costs	**(0.30)**	**(0.24)**
Actual Return on Plan assets	**1.44**	**1.27**
Movement in the asset recognised in Statement of Financial Position		
At 1 April	1.51	2.42
Currency translation difference	(0.02)	(0.10)
Total charge as above	(0.30)	(0.24)
Effect of Statement of Other comprehensive income	0.56	(0.72)
Contribution made	0.18	0.15
At 31 March	**1.93**	**1.51**
Changes in the present value of the defined benefit obligations are as follows:		
At 1 April	(16.75)	(15.65)
Service Cost	(0.39)	(0.41)
Interest Cost	(117)	(1.10)
Actuarial gain/ (loss)	0.54	(0.99)
Annuities Purchased	(0.06)	(1.24)
Exchange Differences	0.28	0.83
Member Contributions	(0.24)	(0.22)
Benefits paid	0.77	2.03
At 31 March	**(17.02)**	**(16.75)**

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Changes in the fair value of plan assets are as follows:	The Group 2015 US$ Millions	2014 US$ Millions
At 1 April	18.25	18.06
Expected Return	1.29	1.30
Actuarial gain recognised	0.15	0.27
Contributions by employer	0.19	0.15
Annuities Purchased	0.06	1.24
Exchange loss	(0.30)	(0.93)
Member Contributions	0.24	0.22
Benefits paid	(0.77)	(2.03)
Admin & other non-plan investment management expenses	(0.03)	(0.03)
At 31 March	19.08	18.25

The fair value of plan assets at the reporting date is analysed as follows:	2015 US$ Millions	2014 US$ Millions
Equity Funds	5.51	5.35
Fixed Income Funds	1.94	4.27
Mortgage and real estate fund	2.73	2.63
Other assets	7.51	4.81
Foreign Currency Fund	1.39	1.19
	19.08	18.25

Included in the holdings of plan assets is an investment in the Life of Jamaica Equity Fund, which holds 10.4% (2014: 10.4%) of the issued shares of subsidiary, Berger Paints Jamaica Limited.

The principal actuarial assumptions used for accounting purposes are as follows:

	2015 %	2014 %
Discount rate at 31 March	5.5 - 9.5	4.5 - 9.5
Future salary increases	4.0 - 6.75	4.0 - 6.75
Future pension increases	0.0 - 3.0	0.0 - 2.5

10. TAXATION

The Company being a Category 1 Global Business Licence is liable to income tax in Mauritius at the rate of 15% (2014 : 15%). However, it is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered and 80% (2014 : 80%) of the Mauritian tax chargeable on its foreign source income.

(a) Deferred tax liability

	The Group	
	2015 US$ Millions	2014 US$ Millions
At 1 April	2.39	2.29
Translation differences	(0.15)	(0.06)
Charge for the year	0.66	0.35
Acquisition of subsidiary	5.11	–
Charge/ (income) to equity	0.14	(0.19)
At 31 March	**8.15**	**2.39**

The deferred tax liability is analysed as follows:-

	The Group	
	2015 US$ Millions	2014 US$ Millions
Retirement benefits	0.41	0.29
Accelerated capital allowances and unremitted income	4.33	2.10
Others	3.41	–
At 31 March	**8.15**	**2.39**

(b) Deferred tax assets

	The Group	
	2015 US$ Millions	2014 US$ Millions
At 1 April	1.24	1.23
Translation differences	(0.05)	(0.04)
Income/ (charge) for the year	0.32	(0.01)
Acquisition of subsidiary	0.05	–
(Income)/ Charge to Equity	(0.02)	0.06
At 31 March	**1.54**	**1.24**

The deferred tax assets are analysed as follows:-

	The Group	
	2015 US$ Millions	2014 US$ Millions
Accelerated capital allowances and unremitted income	0.50	0.74
Tax losses	0.02	–
Retirement Benefits	0.52	0.50
Others	0.50	–
At 31 March	**1.54**	**1.24**

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of certain subsidiaries for which deferred tax liabilities have not been recognised is US$ 1.71 Million (2014: US $ 1.60 Million). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

(c) Current tax

(i) Reconciliation of accounting profit to tax expense

	The Group		The Company	
	2015 %	2014 %	2015 %	2014 %
Normal rate of taxation	15.00	15.00	15.00	15.00
Tax effect of:				
Expenses that are not deductible in determining taxable profit	7.43	2.80	-	-
Deferred tax assets not recognised	4.15	2.82	-	-
Income exempt from tax	(8.78)	(1.95)	(10.80)	(8.13)
under provision in the prior year	(0.11)	0.17	-	-
Tax rate differential	8.35	7.28	-	-
Prior year tax loss carry forward utilised	(0.22)	(0.02)	-	-
Other permanent differences	0.38	(0.44)	-	-
Effective rate of taxation	26.20	25.66	4.20	6.87

(ii) Income tax recognised in Statement of Profit or Loss and Other Comprehensive Income:

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Provision for current tax	(4.68)	(5.11)	-	-
Withholding tax	-	-	(0.18)	(0.23)
Under / (Over) provision of current tax	0.05	(0.03)	-	-
Deferred tax expense	(0.24)	(0.36)	-	-
Total income tax recognised in current year	(4.87)	(5.50)	(0.18)	(0.23)

(iii) Current tax liability

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
At 1 April	1.57	1.23	0.19	0.15
Currency translation for the year	(0.33)	-		
Payments	(3.78)	(4.80)	(0.27)	(0.19)
Provisions for the year	3.77	5.11	0.18	0.23
Acquisition of Subsidiaries	0.93	-	-	-
Under / (Over) provision in prior year	(0.05)	0.03	-	-
At 31 March	2.11	1.57	0.10	0.19

11. INVENTORIES AT COST

	The Group	
	2015 US$ Millions	2014 US$ Millions
Raw materials	24.96	21.16
Packing Material	2.19	1.92
Finished goods	19.28	17.34
Work in progress	0.97	0.94
Others	-	0.04
	47.40	41.40

The inventories of certain subsidiaries have been pledged to secure banking facilities granted to the Group.

12. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Less than 1 year				
Trade Receivables	47.51	43.09	-	-
Other Receivables	1.00	2.23	0.03	0.07
Prepayments	5.95	3.29	-	-
	54.96	**48.61**	**0.03**	**0.07**
More than 1 year				
Trade Receivables	0.64	1.13	-	-
Other Receivables	2.06	-	-	-
Prepayments	0.40	0.40	-	-
	3.10	1.53	-	-
	57.56	**50.14**	**0.03**	**0.07**

The credit period on sale of goods ranges from 0 to 120 days (2014: 0 to 90 days). The Group has provided fully for all unsecured receivables over 365 days because historical experience is such that receivable that are past due beyond 365 days are generally not recoverable. Trade receivables between 0 day and 365 days are provided for based on estimated irrecoverable amounts from the sales of goods, determined by reference to past default experience.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits are renewed on an ongoing basis.

Included in the Group's trade receivables balance are debtors with a carrying amount of US$ 14.96 Million (2014: US$ 12.33 Million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are all considered receivable. The Group does not hold any collateral over these balances.

Included in the Group's accounts receivables balance is an amount of US$ 0.23 million (2014: US$ 0.23 million)

which pertains to receivables from companies having significant influence and key management personnel.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The debtors of certain subsidiaries have been pledged to secure banking facilities granted to the Group (refer Note 13 and 16).

The concentration of credit risk is not significant due to fact that customer base is large.

The tables below are an analysis of trade and other receivables as at 31 March 2015 and 2014.

(i) Analysis of trade receivables

	The Group		The Company	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Not past due and not impaired	33.20	31.90	-	-
Past due but not impaired	14.95	12.32	-	-
	48.15	44.22	-	-
Impaired receivables - individually assessed				
- Customer placed under liquidation	4.05	3.37	-	-
- More than 12 months and no response to repayment demands	3.21	2.84	-	-
	7.26	6.21	-	-
Less: Allowance of doubtful debts	(7.26)	(6.21)	-	-
Total trade receivables, net	**48.15**	**44.22**	-	-
Aging of receivables that are past due but not impaired :				
- overdue < 3 months	10.96	8.81	-	-
- overdue 3 months to 6 months	2.56	2.42	-	-
- overdue 6 months to 12 months	0.82	0.89	-	-
- overdue > 12 months	0.61	0.20	-	-
	14.95	12.32	-	-
Movement in allowance of doubtful debts				
Balance at beginning of the year	6.21	5.58	-	-
Allowance recognised on doubtful receivables	1.71	0.85	-	-
Amount written off as uncollectible	(0.24)	(0.13)	-	-
Amounts recovered during the year	(0.38)	(0.03)	-	-
Exchange differences	(0.04)	(0.06)	-	-
Balance at end of the year	7.26	6.21	-	-

The charge for impairment losses is recognised under other expenses in the statement of profit or loss and other comprehensive income.

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(ii) Analysis of other receivables

	The Group		The Company	
	2015 US$	2014 US$	2015 US$	2014 US$
Not past due and not impaired	3.04	2.14	0.03	0.07
Past due but not impaired	0.02	0.09	-	-
	3.06	2.23	0.03	0.07
Impaired receivables - Individually assessed				
More than 12 months and no response to repayment demand	0.44	0.04	-	-
Less: Allowance of doubtful debts	(0.44)	(0.04)	-	-
Total other receivables, net	3.06	2.23	0.03	0.07
Ageing of receivables that are past due but not impaired:				
- overdue < 3 months	0.02	0.07	-	-
- overdue 3 months to 6 months	-	-	-	-
- overdue 6 months to 12 months	-	-	-	-
- overdue > 12 months	-	0.01		
	0.02	0.08	-	-
Movement in allowance of doubtful debts				
Balance at beginning of the year	0.04	0.02	-	-
Allowance recognised on doubtful debts receivables	-	0.02	-	-
Amounts recovered during the year	(0.01)	-	-	-
Amount written off as uncollectible	-	-	-	-
On account of acquisition of subsidiary	0.44	-	-	-
Exchange differences	(0.03)	-	-	-
Balance at end of the year	0.44	0.04	-	-

The charge for impairment losses is recognised under other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

13. CASH AND BANK BALANCES

Cash and cash equivalents are represented by:

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Cash at bank and in hand	18.88	18.18	0.43	1.12
Less: Bank overdrafts	(3.02)	(1.83)	-	-
Cash and cash equivalent*	15.86	16.35	0.43	1.12

* For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts.

The Group's overdraft comprised of the following:

Bank overdraft of US$ 0.25 Million (2014: US$ 0.56 Million) is secured by the inventories and receivables of respective subsidiaries.

Bank Overdraft of US$ 1.59 Million (2014: US$ 1.28 Million) are secured by the inventories, receivables and fixed assets of respective subsidiaries.

Bank overdrafts of US$ 0.21 Million (2014: Nil) is secured by the entire leasehold buildings of a subsidiary.

The bank overdrafts have fixed and floating interest rates of 4.5% – 9.75% (2014: 10.74% – 13.00%) per annum.

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14. SHARE CAPITAL

The Group and The Company

	2015 US$ Millions	2014 US$ Millions
Issued and fully paid		
At 1 April	23.95	23.95
- 23,945,444 ordinary shares of US$ 1 each		
At 31 March		
- 23,945,444 ordinary shares of US$ 1 each	**23.95**	**23.95**

Fully paid shares, which have par value of US$ 1 each, carry one vote per share and carry a right to dividend.

15. REDEEMABLE PREFERENCE SHARE CAPITAL

	The Company	
	2015 US$ Millions	2014 US$ Millions
Authorised		
At 31 March	5.00	5.00
- 5,000,000 preference shares of US $ 1 each		
Issued and paid		
At 31 March		
- 822,552 preference shares of US $ 1 each	**0.82**	**0.82**

The preference shares which have a par value of US$ 1, are entitled to receive 5% preference dividend before any dividends are declared to ordinary shareholders. The redeemable preference shares are classified as a liability in compliance with IAS 32. The preference shares are redeemable at nominal value at the option of holder of shares.

16. LOANS

	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Loans repayable				
Within one year	49.81	30.57	1.57	6.57
After one year	6.87	-	-	-
	56.68	**30.57**	**1.57**	**6.57**

The currencies in which the loans payable are denominated are set out below for the Group and the Company.

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Currency				
Bangladesh Taka	7.73	3.21	-	-
Omani Riyal	6.87	-	-	-
Singapore Dollar	42.08	22.34	-	-
United States Dollar	-	5.02	-	6.57
Solomon Islands dollar	-	-	0.93	-
Tongan Pa'anga	-	-	0.64	-
	56.68	**30.57**	**1.57**	**6.57**

The group's loans comprised of the following:

(a) Bank loan amounting to US$ 7.73 Million (2014: US$ 3.21 Million) are secured by the inventories, receivables and fixed assets of respective subsidiaries. Interest rate of 9.5% to 9.75% p.a. (2014: 12.75% p.a.)

(b) Bank loans amounting to US$ 42.08 Million (2014: US$ 22.34 Million) carries interest rate ranges from 0.91% to 1.42% p.a. (2014: 0.88% p.a.)

(c) Bank loan amounting to US$ Nil (2014: US$ 5.02 Million) are unsecured. Interest rate (2014: 3 months libor + 0.95%p.a.)

(d) Bank loan amounting to US$ 6.87 Million (2014: US$ Nil) are secured by the building and fixed assets of respective subsidiary. Interest rate of 4% p.a. (2014: Nil)

(e) Default in terms of repayment of principal and interest – NIL (2014 : NIL)

17. OBLIGATION UNDER FINANCE LEASES

The Group leases certain property, plant and equipment for the average lease term of 5 years (2014: 6 years). For the year ended 31 March 2015, the average effective borrowing rate was ranging from 8.34% to 16.25% p.a. (2014: 2.2% p.a.) per annum. Further, the Group leases vehicles for an average term of 5 years. It has an option to purchase the vehicles at the residual value at the end of the lease term. The leased assets are secured by charge over the leased assets.

The details of lease obligation are as follows:

The Group

	Minimum lease payments		minimum lease payments	
	2015	2014	2015	2014
	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Not later than 1 year	0.15	0.08	0.10	0.05
Later than 1 year	0.51	0.16	0.38	0.14
	0.66	0.24	0.48	0.19
Less: Future finance charges	(0.18)	(0.05)	-	-
Present value of minimum lease payments	**0.48**	**0.19**	**0.48**	**0.19**
Included in financial statements as :			2015	2014
			US$ Millions	US$ Millions
Current liablities			0.10	0.05
Non-current liablities			0.38	0.14
			0.48	0.19

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

18. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statements of financial position:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Retirement Medical and Leaving Indemnity Plans [Note (a)]	3.42	2.59
	3.42	**2.59**

Note:

(a) Certain overseas subsidiaries provide Retirement Medical Plan and Leaving Indemnity Plan benefits based on last drawn basic salary at the time of separation in accordance with the local Labour Laws and medical benefits to employees after retirement. These benefit plans are unfunded. These plans are valued by independent actuaries using the projected unit credit method. The latest actuarial valuation carried out by the respective subsidiaries were at 26 March 2014, 2 April 2015,7 April 2015 and 13 April 2015 (2014: 4 March 2014).

The defined benefit pension plans as disclosed above are recognised in the financial statements as follows:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Amounts recognised in the Statement of Financial Position:		
Present value of unfunded obligations	3.42	2.59
Defined benefit liabilities	**3.42**	**2.59**

Amounts recognised in the Statements of Profit or Loss and Other Comprehensive Income:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Current service cost	1.12	1.17
Interest cost	0.27	0.17
Total included in staff costs	**1.39**	**0.34**

Movement in the liabilities recognised in the statements of financial position:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
At 1 April	2.59	2.28
Currency translation difference	(0.07)	(0.16)
Total charge as above	1.39	0.34
Effect of statement of other comprehensive income	(0.35)	0.26
Contribution paid	(0.20)	(0.13)
Pursuant to Acquisition (refer Note 35)	0.06	-
At 31 March	3.42	2.59

Changes in the present value of defined benefit obligation are as follows:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Opening defined benefit obligation	2.59	2.28
Service cost	1.12	0.17
Interest cost	0.27	0.17
Actuarial losses	(0.35)	0.26
Exchange differences	(0.07)	(0.16)
Pursuant to Acquisition (refer Note 35)	0.06	-
Benefits paid	(0.20)	(0.13)
Closing defined benefit obligation	3.42	2.59

The history of the plan for the current and prior years is as follows:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Present value of defined benefit obligation	3.42	2.59
Deficit	**3.42**	**2.59**

Notes to the Financial Statements

For the year ended 31st March 2015

The principal actuarial assumptions used for accounting purposes were as follows:

	The Group	
	2015 %	2014 %
Discount rate at end of the year	4.5 - 11.97	4.5 - 9.5
Future salary increases	6.0 - 15.00	4.0 - 6.75
Medical claims	7.5	8

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting periods, while holding all assumptions constant.

If the following assumptions were to be adjusted by 1%, the defined benefit obligation would increase/ (decrease) by:

Defined Benefits Plan

	Defined Benefits Plan		Leavina Indemnity Plan and Retiree Medical Plan	
	1% increase US$ Millions	1% decrease US$ Millions	1% increase US$ Millions	1% decrease US$ Millions
Discount rate at end of year	(2.11)	2.76	(0.38)	0.46
Future salary increases	0.92	(0.77)	1.32	(0.18)

19. ACCOUNTS PAYABLE

	The Group		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Less than 1 year				
Trade payables	25.77	28.09	-	-
Others creditors and accruals	21.05	17.96	0.07	0.09
	46.82	**46.05**	**0.07**	**0.09**
More than 1 year				
Trade payables	-	-	-	-
Others creditors and accruals	1.14	1.09	-	-
US$	**47.96**	**47.14**	**0.07**	**0.09**

The average credit period on purchases of goods range from 0 to 150 days (2014: 0 to 150 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Included in the Group's accounts payable balance US$ 4.07 Million (2014: US$ 2.28 Million) pertains to payables to holding company.

20. PROVISIONS

	The Group	
	2015 US$ Millions	2014 US$ Millions
Provision for warranties	0.34	0.35
Movements in above provisions were as follows :		
At 1 April	0.35	0.39
Currency translation difference	(0.04)	-
Charged to Statement of Profit or Loss	0.03	0.03
Amount utilised	-	(0.07)
At 31 March	0.34	0.35

Notes to the Financial Statements

For the year ended 31st March 2015

The Group grants warranties to customers on the performance of their products. The provision for warranties represents management's best estimate of the Group's liability for warranties granted on paint products based on past experience of claims on defective products. The charge for provisions is recognised under other operating expenses in the Statement of Profit or Loss.

21. REVENUE

	The Group	
	2015 US$ Millions	2014 US$ Millions
Revenue from sale of goods	262.65	249.87
Revenue from rendering of services	3.02	1.81
Revenue from Leases	0.22	0.22
	265.89	**251.90**

22. INVESTMENT INCOME

	The Group		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Interest income:				
On bank deposits	0.05	0.14	0.03	0.01
On treasury bills	0.79	1.13	-	-
	-	-	4.80	3.79
Dividends Income	**0.84**	**1.27**	**4.83**	**3.80**

Investment income earned on assets, analysed by category of asset, is as follows:

	The Group		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Loans and receivables (including cash and bank balances)	0.84	1.27	0.03	0.01
Investment income earned on non -financial assets	-	-	4.80	3.79
Held for trading financial asset	-	-	-	-
US$	**0.84**	**1.27**	**4.83**	**3.80**

23. OTHER GAINS AND LOSSES

	The Group		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Gain on disposal of property, plant and equipment	0.04	0.07	-	-
Gain on disposal of investments	-	0.23	-	0.23
Net foreign exchange gain / (loss)	0.63	(0.99)	(0.32)	(0.11)
Royalties	0.04	0.04	-	-
Others	0.13	0.11	-	-
	0.84	**(0.54)**	**(0.32)**	**0.12**

Notes to the Financial Statements
For the year ended 31st March 2015

24. FINANCE COSTS

	The Group		The Company	
	2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
Interest payable:				
On bank loans	1.15	0.70	0.03	0.05
On bank overdrafts	0.35	0.57	-	-
On finance lease	0.05	0.02	-	-
US$	**1.55**	**1.29**	**0.03**	**0.05**

25. OPERATING LEASE RECEIVABLE

The subsidiary in Sri Lanka, Asian Paints (Lanka) Limited, provides tinting systems to its dealers on an operating lease basis. The equipment shall be used only to tint the products of the lessor. The lease is normally for a five year period. The lease rentals are payable monthly. Security deposit is collected at the time of signing the agreement.

At the reporting date, the Group had contracted with tenants for the following future minimum lease payments:

	The Group	
	2015 US$ Millions	2014 US$ Millions
Within one year	0.04	0.05
In the second and fifth year inclusive	0.01	0.02
	0.05	**0.07**

26. FINANCE LEASE RECEIVABLES

The Group	Within one year	Between one and five years	More than five years	Total
2015	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Minimum payments	0.26	0.05	-	0.31
Less: Unearned finance income	(0.14)	(0.01)	-	(0.15)
	0.12	0.04	-	0.16
2014				
Minimum payments	0.17	0.07	-	0.24
Less: Unearned finance income	(0.09)	(0.02)	-	(0.11)
	0.08	0.05	-	0.13

The Group leases certain of its plant and equipment. The average lease term is approximately 2 years (2014: 2.11 years). The fair value approximates the carrying amount. Interest rate inherent in the leases is fixed at the contract date. The average effective interest rate contracted is approximately 34.08% to 40% (2014: 30%) per annum.

Notes to the Financial Statements

For the year ended 31st March 2015

27. OPERATING LEASE COMMITMENTS

At the Statement of Financial Position date, the Group had outstanding commitments in respect of non- cancellable operating leases as follows:

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Within one year	0.59	0.69
Within two to five years	1.41	0.48
After five years	5.09	0.17
	7.09	**1.34**
Payments recognised as expenses		
Minimum lease payments	0.70	0.75

Operating lease payments represent rentals payable by the Group for certain of its factory, other properties and vehicles. The non-cancellable leases on factory and other properties have remaining non-cancellable lease terms of between 1 and 25 years, and for vehicles it is 1 to 4 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Such increases are not included in the above amounts.

28. DIVIDEND TO NON-CONTROLLING INTERESTS

	The Group	
	2015	2014
	US$ Millions	US$ Millions
Ordinary dividend paid	3.14	2.71

29. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on Consolidation and are not disclosed in these note.

Details of transactions between the Group and other related parties are disclosed below:

		The Group		**The Company**	
		2015	**2014**	**2015**	**2014**
		US$ Millions	**US$ Millions**	**US$ Millions**	**US$ Millions**
(i)	**Purchase of goods**				
	Holding Company	2.75	2.80	-	-
		2.75	2.80	-	-
(ii)	Sale of goods				
	Companies controlled by Directors	0.72	0.97	-	-
		0.72	0.97	-	-
(iii)	Other transactions				
	HR services received from Holding Company	-	0.13	-	-
	Reimbursemsnt of Regional HR Expenses	-	0.03	-	-
	Travelling, relocation and other cost reimbursed from	-	0.08	-	-
	Royalties paid to Holding Company	4.07	4.18	-	-
		4.07	4.42	-	-

Notes to the Financial Statements
For the year ended 31st March 2015

		The Group		The Company	
		2015 US$ Millions	2014 US$ Millions	2015 US$ Millions	2014 US$ Millions
(iv)	Fees to Directors				
	Sitting and other Fees to Directors	0.01	-	0.01	-
(v)	Income				
	Interest Income from Subsidiaries	-	-	0.03	0.01
	Dividend Income from Subsidiaries	-	-	4.80	3.79
		-	-	4.83	3.80
(vi)	Outstanding balances				
	Amount due to subsidiaries	-	-	1.56	1.57
	Amount due from subsidiaries	-	-	2.97	3.21
	Receivable from companies having significant influence	0.20	0.23	-	-
	Payable to Holding Company	4.30	2.28	0.10	-

- Receivables from Companies having significant influence and Key Management Personnel are unsecured, interest free and receivable on demand.
- Payables to Holding company are unsecured, interest free and payable on demand.

Key Management Personnel – Mr Jimmy Wong, Mr Jalaj Dani, Mr Eric Venpin (resigned on 5th

February 2014), Mr Kevin Allagapen (appointed on 5th February 2014) and Mr Tom Thomas.

30. HOLDING COMPANY

The directors regard Asian Paints Limited, a company incorporated in India, as the Company's immediate and ultimate holding company.

31. CONTINGENT LIABILITIES

(a) There are contingent liabilities for following:

Asian Paints (South Pacific) Limited in respect of Immigration Bonds, amounting to US$ 0.03 Million (2014: US$ 0.01 Millions).

Berger International Limited has given performance guarantees and other bonds and guarantees amounting to US$ 1.08 (2014: US$ 1.87 Millions).

Asian Paints (Bangladesh) Limited has issued letters of credit amounting to US$ 2.22 Million (2014: US$ 1.22 Millions).

SCIB Chemicals, S.A.E. have issued letters of guarantee amounting to US$ 0.13 Million (2014: US$ 0.17 Millions).

Asian Paints (Middle East) LLC has given letters of guarantee amounting to US$ 0.06 Million & Others US$ 1.72 Million (2014 US$: 0.25 Millions).

(b) There is disputed tax assessment in respect of Asian Paints (Bangladesh) Limited which is not acknowledged as debt and hence not provided for amounting to US$ 1.36 Million (2014: US$ 1.80 Millions). The Management believes that no liability will arise from the tax assessment as the Group is expecting a favourable outcome for this case.

(c) A former customer of Asian Paints (Vanuatu) Limited has filed a legal case with regards to additional cost incurred for remedial works on residential property due to application of faulty product. The Management believes that no liability will arise as the Group is expecting a favourable outcome for this case. The professional fees payable to lawyer are estimated at US$ 0.02 Million in case of legal proceedings.

(d) A distributor of Asian Paints (Lanka) Limited filed an action against the company claiming US $ 0.08 Million towards losses and damages for breach of the sales agreement. The Management believes that no liability will arise as the Group is expecting a favourable outcome for this case.

Notes to the Financial Statements
For the year ended 31st March 2015

The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

At 31 March 2015, the direct subsidiaries and its subsidiary, Berger Paints Trinidad Limited, are engaged in litigation initiated by its former Regional Managing Director claiming that the termination of his services is null and void and of no effect. However, the amount of claim has not been assessed. The Company upon discontinuing his services has paid him compensation as per his contract of employment and the same has been charged to the Statement of Profit or Loss and Other Comprehensive Income. The Company filed a counterclaim for the recovery of amounts due from the Regional Managing Director arising from the payments made to him, upon the termination of his services, in excess of his entitlement under the employment contract. This matter is subject to Trinidad and Tobago's High Court Action No 3085 of 2003. Based on the information presently available, the directors are of the opinion that at this moment in time it cannot be determined with any reasonable certainty the likely outcome of this trial. However, in the event that the case is ruled against the company and the subsidiary, the impact to the group, based on directors' best estimate, as informed by the legal counsel and solicitors, is not expected to be material. Therefore, no further provision has been made in these financial statements for this matter.

32. CAPITAL COMMITMENTS

Commitments for the acquisition of property, plant and equipment

	The Group	
	2015 US$ Millions	2014 US$ Millions
Approved and contracted for	3.29	2.48
	3.29	2.48

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(b) Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	The Group		**The Company**	
	2015 US$ Millions	**2014 US$ Millions**	**2015 US$ Millions**	**2014 US$ Millions**
Financial assets				
Receivables	51.37	46.58	3.00	3.28
cash and cash equivalents	18.88	18.18	0.43	1.12
Available for sale / Held to Maturity financial assets	6.58	7.67	-	-
	76.83	**72.43**	**3.43**	**4.40**
Financial liablities				
Amortised cost	**108.14**	**79.73**	**2.56**	**7.48**

(c) Financial risk management policies and objectives

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors of subsidiaries provide principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash. Periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Group does not hold or issue derivative financial instruments for speculative purpose.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group transacts business in various foreign currencies, including the United States dollar, British pound, Bahraini dinar, Jamaican dollar and United Arab Emirates dirham. The Group has a policy to manage its exchange risk by taking up foreign exchange forward contracts in order to mitigate the risk of exchange rate fluctuations in respect of obligations denominated in foreign currencies. There were no outstanding derivative financial instruments as at 31 March 2015 and 31 March 2014.

(i) At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	The Group		The Company	
	Financial assets 2015 US$ Millions	Financial liabilities 2015 US$ Millions	Financial assets 2015 US$ Millions	Financial liabilities 2015 US$ Millions
Currency				
Egyptian Pound	12.16	11.01	-	-
Fijian Dollar	4.65	2.44	-	-
US Dollar	0.42	0.17	3.43	2.56
Omani Rial	5.31	10.36	-	-
Bangladeshi Taka	9.02	13.67	-	-
Sri Lankan Rupee	5.85	4.44	-	-
Others	39.42	66.05	-	-
Total	**76.83**	**108.14**	**3.43**	**2.56**

	The Group		The Company	
	Financial assets 2014 US$ Millions	Financial liabilities 2014 US$ Millions	Financial assets 2014 US$ Millions	Financial liabilities 2014 US$ Millions
Currency				
Egyptian Pound	16.00	12.93	-	-
Fijian Dollar	5.30	3.22	-	-
Omani Rial	5.25	3.09	-	-
Bangladeshi Taka	5.81	9.07	-	-
Sri Lankan Rupee	5.81	5.19	-	-
Others	33.09	41.15	4.40	7.48
Total	**72.43**	**79.73**	**4.40**	**7.48**

Notes to the Financial Statements

For the year ended 31st March 2015

The Group consists number of overseas subsidiaries which are exposed to currency translation risks. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the transaction of its foreign operations.

Foreign currency sensitivity

The Group is mainly exposed to the Egyptian Pound, Bangladeshi Taka, Singapore Dollars and Fijian Dollar.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit will increase/ (decrease) by:

	The Group	
	2015 US$ Millions	2014 US$ Millions
Other Equity		
Singapore Dollar	-	2.09
Fijian Dollar	(0.22)	(0.21)
Bangladeshi Taka	0.46	0.33
Egyptian Pound	(0.11)	(0.31)

The above is mainly attributable to retranslation of financial assets and financial liabilities of foreign subsidiaries to USD.

(ii) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (iv) of this note.

The Company and the Group are exposed to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and Company's profit before tax for the year ended 31 March 2015 would decrease/increase by US$ 0.22 Million and US$ NIL respectively (2014: US$ 0.15 Million and US$ 0.03 Million respectively). This is mainly attributable to the Group's and Company's exposures to interest rates on the variable rate borrowings.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial assets that potentially subject the Group to concentration of credit risk consist principally of cash and bank balances, and trade and other accounts receivables. The directors believe that the financial risks associated with these financial instruments are minimal. The Group places its cash and bank balances with high credit quality institutions. The Group performs ongoing credit evaluation of its debtors' financial condition and maintains an allowance for doubtful accounts receivable based upon the expected collectibility of all accounts receivables. There is no significant concentration of credit risk as the exposure is spread over a large number of counterparties and customers.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 12.

(iv) Liquidity risk management

Liquidity risk also referred to as funding risk, is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

As at the reporting date, the Group and the Company have a working capital of US$ 25.24 Million (2014: US$ 35.52 Milllion) and US$ -0.91 Million (2014: US$ -4.95 Million) respectively. The liquidity risk of the Group and the Company is mitigated by optimum cash levels being maintained, availability of funding through an adequate quantum of credit facilities and the continuing financial support from the ultimate holding company.

- **Liquidity and interest risk analysis**
- **Non-derivative financial liabilities**

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

2015	<----------The Group--------->					
	Weighted average effective interest rate	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	48.76	0.10	-	-	48.86
Finance lease liability (fixed rate)	14.17%	0.10	0.33	0.14	(0.09)	0.48
Variable interest rate instrument	1.38%	44.34	-	-	(0.14)	44.20
Fixed interest rate instrument	6.91%	14.60	-	-	-	14.60
		107.80	**0.43**	**0.14**	**(0.23)**	**108.14**

2014	<----------The Group--------->					
	Weighted average effective interest rate	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	46.03	1.09	-	0.00	47.12
Finance lease liability (fixed rate)	13.95%	0.07	0.14	-	-0.00	0.21
Variable interest rate instrument	1.56%	29.24	0.00	-	-0.05	29.19
Fixed interest rate instrument	12.75%	3.21	0.00	-	0.00	3.21
		78.55	**1.23**	-	**-0.05**	**79.73**

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2015	The Company					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	0.17	-	-	-	0.17
Variable interest rate instruments	-	-	-	-	-	-
		0.17	-	-	-	**0.17**

2014	The Company					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	0.91	-	-	-	0.91
Variable interest rate instruments	0.30%	6.58	-	-	-	6.58
		7.48	-	-	-	**7.48**

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

2015	The Group					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing		67.91	0.80	-	-	68.71
Finance lease liability (fixed rate)	19.48%	0.15	0.04	-	(0.03)	0.16
Variable interest rate instrument	0.03%	6.36	-	-	-	6.36
Fixed interest rate instrument	0.75%	1.61	-	-	-	1.61
		76.03	**0.84**	-	**(0.03)**	**76.83**

2014	The Group					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	61.10	1.17	-	-	62.27
Finance lease liability (fixed rate)	35.79%	0.13	0.03	-	(0.05)	0.11
Variable interest rate instrument	11.85%	9.03	-	-	-	9.03
Fixed interest rate instrument	1.00%	1.02	-	-	-	1.02
		71.28	**1.20**	-	**(0.05)**	**72.43**

2015	The Company					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	3.43	-	-	-	3.43
Variable interest rate instruments		-	-	-	-	-
		3.43	-	-	-	**3.43**

2014	The Company					
	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		US$ Millions	US$ Millions	US$ Millions	US$ Millions	US$ Millions
Non-interest bearing	-	1.89	-	-	-	1.89
Variable interest rate instruments	0.30%	-	2.50	-	-	2.50
		1.89	**2.50**	-	-	**4.39**

The carrying amounts of cash and bank balances, accounts receivable, other current financial assets, short-term borrowings, accounts payable and other current financial liabilities approximate their fair values due to the short-term maturity of these financial assets and liabilities. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements and the directors consider that the carrying amounts recorded at amortised cost in the financial statements approximate their fair values.

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's Board of Directors reviews the capital structure on a yearly basis. Based on recommendations of the Board of Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of debt, which includes the borrowings and overdraft disclosed in Notes 13, 16 and 17, cash and cash equivalents disclosed in note 13 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The gearing ratio at the yearend was as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	US$ Millions	**US$ Millions**	**US$ Millions**	**US$ Millions**
Debt (i)	60.18	32.60	1.57	6.57
Cash and cash equivalents	18.88	18.18	0.43	1.12
Net Debt	41.30	14.42	1.14	5.45
Equity (ii)	93.34	77.20	37.53	33.42
Net debt to equity ratio	44%	19%	3%	16%

(i) Debt is defined as long, short-term borrowings and Bank overdraft

(ii) Equity includes all capital and reserves of the Group

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34. Events occurring after the Reporting Period

There were no material events occurring after the end of reporting period which require adjustments to or disclosure in the financial statement

35. Acquisition of Subsidiary

On 9th February 2015, the Berger International Limited, Singapore ('BIL'), wholly owned subsidiary of company acquired 51% of the issued share capital of Kadisco Paint and Adhesive Industry S.C. ("Kadisco") for $18.65 million. This transaction has been accounted for by the acquisition method of accounting.

Kadisco is an entity incorporated in Ethiopia with its principal activity being the manufacture and sale of paints and adhesives.

Consideration transferred (at acquisition date fair values)	$ million
Cash	18.65

Acquisition-related costs amounting to US $ 0.19 million have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "other operating expenses" line item in the statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

Net Assets acquired

Current assets	US$ Millions
Cash and bank balances	1.65
Trade receivables	1.06
Other receivables and prepayment	0.07
Inventories	6.10
Non-current assets	
Held-to-maturity financial assets	0.12
Property, plant and equipment	8.43
Intangible assets	11.01
Current liabilities	
Bank overdraft	(0.69)
Trade payables	(0.38)
Other payables	(3.11)
Income tax payable	(0.93)
Finance leases	(0.11)
Non-current liabilities	
Retirement benefit liabilities	(0.06)
Deferred tax liabilities	(5.06)
Net assets acquired and liabilities assumed	18.10

The receivables acquired in these transactions with a fair value of US$ 1.13 million had gross contractual amounts of US$ 1.53 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is US$ 0.40 million.

Non-controlling interest

The non-controlling interest (49%) in Kadisco recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to US$ 8.87 million.

Notes to the Financial Statements

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36. Fair Value Measurement

US$ Millions

Financial assets/financial Liabilities	Fair Value as at		Fair Value hierarchy	Valuation Techniques and Key Inputs
	2015	2014		
1) **Trade and Other Receivables**	51.21	46.45	Level 3	Carrying amounts approximate their respective fair values due to the short-term maturity of these financial assets.
2) **Cash and cash equivalents**	18.88	18.18	Level 3	Carrying amounts approximate their respective fair values due to the short-term maturity of these financial assets.
3) **Finance Lease eceivables**	0.16	0.13	Level 3	Carrying amounts approximate their respective fair values as the amounts receivable and the inherent interest rate are fixed at the beginning of the contract.
4) **Available for sale / Held to Maturity financial assets**	6.58	7.67	Level 3	Carrying amounts approximate their respective fair values.
5) **Accounts Payables**	47.96	47.14	Level 3	Carrying amounts approximate their respective fair values.
6) **Finance Lease Creditors**	0.48	0.19	Level 3	Carrying amounts approximate their respective fair values as the amounts payable and the inherent interest rate are fixed at the beginning of the contract.
7) **Bank Overdraft**	3.02	1.83	Level 3	Carrying amounts approximate their respective fair values, the same being payable on demand.
8) **Loans**	56.68	30.57	Level 3	Carrying amounts approximate their respective fair values as the amounts payable and the interest rate are fixed at the beginning of the contract.