

INDEPENDENT AUDITOR'S REPORT

To the Members of Indigo Paints Private Limited

Report on the audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Indigo Paints Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

Refer note 41 of the financial statement, which states the impact of Coronavirus disease 2019 (COVID-19) on the operations of the Company. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the Ind AS financial statements and our auditor's report thereon.

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



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

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The matter described in Emphasis of matter paragraph 1 above, in our opinion may not have any adverse effect on the functioning of the Company.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABWS457



Place of Signature: Pune

Date: July 03, 2020

Annexure 1 referred to in paragraph 1 under the heading “Reporting on Other Legal and Regulatory Requirements” of our report of even date**Re: Indigo Paints Private Limited (“the Company”)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) Read with note 3.1(ii) of financial statements, according to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) Due to lockdown at the factories on account of COVID-19, the management has conducted physical verification of inventories at factories subsequent to the year end. No material discrepancies were noticed on such physical verification. Inventories at the depots have been physical verified at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, related to the manufacture of paints, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)(a) Undisputed statutory dues including provident fund, employees’ state insurance, profession tax, income-tax, custom duty, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases of professional tax.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees’ state insurance, income-tax, custom duty, goods and services tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable except for professional tax, as follows:



Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
The Gujarat Professions Tax Act, 1976	Profession Tax	11,200	Various months in 2019-20	Various dates	June 26, 2020	None

Also refer note 32 of the financial statements regarding provident fund.

- (c) According to the information and explanations given to us, there are no dues to provident fund, employees' state insurance, profession tax, services tax, excise duty, custom duty, goods and services tax, cess and other statutory dues which have not been deposited on account of any dispute except for income tax and excise duty related matters as below:

Name of Statute	Nature of dues	Amount of demand# (Rs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,152,610	FY 2009-10	The Income Tax Appellate Tribunal, Cochin Bench, Cochin
		194,390	FY 2012-13	The Commissioner of Income-Tax (Appeals), Cochin
The Central Excise Act, 1944	Excise duty, Service tax and penalty	8,684,883 (net of Rs. 658,180 paid under protest)	Various years	The Commissioner of Central Excise & Service Tax (Appeals), Cochin
The Kerala Value Added Tax Act, 2003	Value added tax	23,200	FY 2013-14	The Deputy Commissioner (Appeals), SGST Department, Thrissur
		87,000	FY 2016-17	The Kerala Value Added Tax Appellate Tribunal, Ernakulam

excluding interest and penalty thereon.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank and financial institution. According to the information and explanations given by the management, the Company did not have any outstanding dues in respect of government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised during the year in the nature of term loan for the purposes for which they were raised. The Company has not raised any money way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

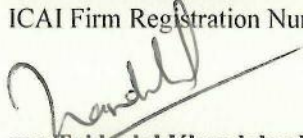


- (xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Tridevjal Khandelwal**
Partner

Membership Number: 501160

UDIN: 20501160AAAABW5457



Place of Signature: Pune

Date: July 03, 2020

Annexure 2 referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date

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

We have audited the internal financial controls over financial reporting of Indigo Paints Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.



Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per Tridev Lal Khandelwal
Partner

Membership Number: 501160

UDIN: 20501160 AAAABW 5457



Place of Signature: Pune

Date: July 03, 2020

Indigo Paints Private Limited
Balance sheet as at March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

Particulars	Note no.	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Assets				
Non-current assets				
Property, plant and equipment	3.1	14,203.04	8,643.29	6,142.30
Capital work in progress	3.1	108.89	439.69	246.30
Right-of-use assets	3.2	2,779.51	3,113.97	1,017.38
Goodwill	3.3	3,055.20	3,055.20	3,055.20
Other intangible assets	3.3	37.14	43.14	48.46
Financial assets				
a) Loans	5	548.09	407.11	68.79
b) Other financial assets	6	229.91	-	208.59
Income tax assets (net)		17.37	17.37	17.37
Other assets	10	93.66	574.80	250.24
		21,072.81	16,294.57	11,054.63
Current assets				
Inventories	7	7,676.42	6,932.58	5,520.51
Financial assets				
a) Investments	4	2,083.71	1,970.42	1,843.43
b) Trade receivables	8	10,447.43	10,384.67	9,678.63
c) Cash and cash equivalent	9.1	568.43	1,184.21	462.34
d) Bank balances other than Cash and cash equivalents	9.2	-	200.95	2.04
e) Loans	5	31.58	32.51	25.52
f) Other financial assets	6	10.20	28.28	28.77
Other current assets	10	305.36	290.06	150.56
		21,123.13	21,023.68	17,711.80
Total assets		42,195.94	37,318.25	28,766.43
Equity and liabilities				
Equity				
a) Equity share capital	11A	2,902.22	2,885.19	2,859.35
b) Instruments in the nature of equity	11B	1,830.42	1,830.42	1,830.42
c) Other equity	12	14,972.80	10,030.82	7,086.14
Total equity		19,705.44	14,746.43	11,775.91
Liabilities				
Non-current liabilities				
Financial liabilities				
a) Borrowings	13.1	2,471.85	2,691.05	891.28
b) Lease liabilities	36	281.99	540.99	480.22
Other liabilities	16	384.55	316.67	178.91
Provisions	17	130.00	-	-
		3,268.39	3,548.71	1,550.41
Current liabilities				
Financial Liabilities				
a) Borrowings	13.2	1,452.91	2,470.59	2,263.76
b) Lease liabilities	36	344.10	398.70	288.30
c) Trade payables - total outstanding dues of:				
-micro and small enterprises	14	975.21	1,283.26	879.08
-creditors other than micro and small enterprises	14	12,883.73	12,340.87	9,973.79
d) Other financial liabilities	15	1,939.29	1,506.36	1,004.56
Other liabilities	16	561.44	782.77	1,015.95
Provisions	17	106.11	-	14.67
Deferred tax liabilities	18	696.69	210.26	-
Income tax liabilities (net)	18	262.63	30.30	-
		19,222.11	19,023.11	15,440.11
Total liabilities		22,490.50	22,571.82	16,990.52
Total equity and liabilities		42,195.94	37,318.25	28,766.43

Summary of significant accounting policies 2.1
Summary of significant accounting judgements, estimates and assumptions 2.2
The accompanying notes are an integral part of the financial statements

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003

per Tejendra Khandelwal
Partner
Membership number: 501160

Place: Pune
Date: July 03, 2020



For and on behalf of the Board of Directors of
Indigo Paints Private Limited

Hemant Jalan
Hemant Jalan
Managing Director
DIN: 80942

Sujoy Bose
Sujoy Bose
Company Secretary
A - 43755

Place: Pune
Date: July 03, 2020

Anita Jalan
Anita Jalan
Director
DIN: 85411

Chetan Humane
Chetan Humane
Chief financial officer



Indigo Paints Private Limited
Statement of profit and loss for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

Particulars	Note no.	March 31, 2020	March 31, 2019
Income			
Revenue from operations	19	62,479.20	53,562.87
Other income	20	161.40	161.67
Total income (I)		62,640.60	53,724.54
Expenses			
Cost of raw materials and components consumed	21	32,113.19	29,651.50
Purchase of traded goods		1,085.64	812.92
(Increase) in inventories of finished goods and traded goods	22	(1,002.71)	(612.00)
Employee benefits expense	23	4,198.98	3,638.24
Finance costs	24	559.45	465.62
Depreciation and amortization expense	25	1,960.99	1,705.37
Other expenses	26	16,982.38	14,661.38
Total expenses (II)		55,897.92	50,323.03
Profit before exceptional items and tax (III) = (I - II)		6,742.68	3,401.51
Exceptional items (IV)	40	-	30.47
Profit before tax (V) = (III - IV)		6,742.68	3,371.04
Tax expense			
Current tax	18	1,471.34	482.45
Deferred tax (including MAT credit entitlement)	18	489.86	201.62
Total tax expense		1,961.20	684.07
Profit for the year		4,781.48	2,686.97
Other comprehensive income ("OCI")			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (loss) / gain on defined benefit plans		(13.64)	24.73
Less: Income tax effect		3.43	(8.64)
Net other comprehensive income for the year (net of tax)		(10.21)	16.09
Total comprehensive income for the year		4,771.27	2,703.06
Earnings per equity share (face value Rs.10)	27		
Computed on the basis of profit for the year			
- Basic		16.50	9.32
- Diluted		10.50	5.90
Summary of significant accounting policies	2.1		
Summary of significant accounting judgements, estimates and assumptions	2.2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date.

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

(Signature)
per Tridevjal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: July 03, 2020



**For and on behalf of the Board of Directors of
Indigo Paints Private Limited**

(Signature)
Hemant Jalan
Managing Director
DIN: 80942

(Signature)
Sujoy Bose
Company Secretary
A - 43755

Place: Pune
Date: July 03, 2020

(Signature)
Anita Jalan
Director
DIN: 85411

(Signature)
Chetan Humane
Chief financial officer



Indigo Paints Private Limited
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

a. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
As at April 01, 2018	2,85,93,500	2,859.35
Issue of shares on exercise of stock options (refer note 11 and 30)	2,58,375	25.84
As at March 31, 2019	2,88,51,875	2,885.19
Issue of shares on exercise of stock options (refer note 11 and 30)	1,70,300	17.03
As at March 31, 2020	2,90,22,175	2,902.22

b. Other Equity

Particulars	Attributable to equity shareholders				Total other equity
	Reserves and surplus				
	Employee stock option reserve	Securities premium	General reserves	Retained earnings	
Balance as at April 1, 2018	165.27	9,354.13	43.78	(2,477.04)	7,086.14
Profit for the year	-	-	-	2,686.97	2,686.97
Other comprehensive income for the year (net of taxes)	-	-	-	16.09	16.09
Exercise of share options (refer note 12 and 30)	(56.77)	203.15	-	-	146.38
Share based payments (refer note 30)	95.27	-	-	-	95.27
Dividend on preference shares*	-	-	-	(0.02)	(0.02)
Tax on preference dividend*	-	-	-	(0.01)	(0.01)
Balance as at March 31, 2019	203.77	9,557.28	43.78	225.99	10,030.82
Balance as at April 1, 2019	203.77	9,557.28	43.78	225.99	10,030.82
Profit for the year	-	-	-	4,781.48	4,781.48
Other comprehensive income for the year (net of taxes)	-	-	-	(10.21)	(10.21)
Exercise of share options (refer note 12 and 30)	(62.20)	222.00	-	-	159.80
Share based payments (refer note 30)	10.94	-	-	-	10.94
Dividend on preference shares*	-	-	-	(0.02)	(0.02)
Tax on preference dividend*	-	-	-	(0.01)	(0.01)
Balance as at March 31, 2020	152.51	9,779.28	43.78	4,997.23	14,972.80

Summary of significant accounting policies

2.1

Summary of significant accounting judgements, estimates and assumptions

2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridev Lal Khandelwal

Partner

Membership No.: 501160

Place: Pune

Date: July 03, 2020



For and on behalf of the Board of Directors of
Indigo Paints Private Limited

Hemant Jalan

Director

DIN: 80942

Place: Pune

Date: July 03, 2020

Sujoy Bose

Company Secretary

A - 43755

Place: Pune

Date: July 03, 2020



Anita Jalan

Anita Jalan

Director

DIN: 85411

Place: Pune

Date: July 03, 2020

Chetan Humane

Chief financial officer

Place: Pune

Date: July 03, 2020

Indigo Paints Private Limited
Cash flow statement for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Net profit before tax (after exceptional item)	6,742.68	3,371.04
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	1,960.99	1,705.37
Employee stock option cost	10.94	95.27
Provision for impairment allowance of financial assets (net)	25.42	79.31
Gain/ (loss) on sale of fixed assets (net)	(8.08)	10.95
Finance cost	559.45	465.62
Fair value gain on financial instruments	(113.29)	(126.99)
Interest (income)	(17.08)	(18.89)
Operating profit before working capital changes	9,161.03	5,581.68
Working capital adjustments		
Increase in trade payables	429.76	2,832.64
(Decrease) in other liabilities	(153.45)	(95.42)
Increase in other financial liabilities	189.80	484.50
Increase/ (decrease) in provisions	225.90	1.42
(Increase) in trade receivables	(88.18)	(785.35)
(Increase) in inventories	(743.84)	(1,412.07)
Decrease/ (increase) in other assets	946.98	(797.03)
Decrease in other financial assets	0.90	17.67
(Increase) in loans and advances	(140.05)	(345.31)
Cash generated from operations	9,828.85	5,482.73
Direct taxes paid (net of refunds)	(1,242.44)	(443.51)
Net cash flow from operating activities (A)	8,586.41	5,039.22
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets including movement in CWIP, capital advances and capital creditors	(7,525.60)	(6,278.95)
Proceeds from sale of property, plant and equipment	8.08	48.57
Proceeds from bank deposits (having original maturity of more than three months)	-	2.04
Interest received	5.30	9.35
Net cash flow (used in) investing activities (B)	(7,512.22)	(6,218.99)
Cash flows from financing activities		
Proceeds from exercise of share options	176.83	172.22
(Repayment of) /proceeds from short-term borrowings (net)	(1,017.68)	206.83
(Repayment) of long-term borrowings	(1,447.63)	(1,250.35)
Proceeds from long-term borrowings	1,459.77	3,050.12
Payment of principal portion of lease liabilities	(425.27)	(344.23)
Increase in lease liabilities including interest	111.67	515.40
Interest paid	(547.66)	(448.35)
Net cash flow (used in)/from financing activities (C)	(1,689.97)	1,901.64
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(615.78)	721.87
Cash and cash equivalents at the beginning of the year	1,184.21	462.34
Cash and cash equivalents at the end of the year	568.43	1,184.21
Components of cash and cash equivalents		
Cash on hand	9.52	11.25
Balances with banks		
- On current accounts	558.91	1,172.96
Total cash and cash equivalents (refer note 9)	568.43	1,184.21

Summary of significant accounting policies

2.1

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Tridevlat Khandelwal
Partner
Membership No.: 501160



Place: Pune
Date: July 03, 2020

For and on behalf of the Board of Directors of
Indigo Paints Private Limited

Hemant Jalan
Hemant Jalan
Managing Director
DIN: 80942

Sujoy Bose
Sujoy Bose
Company Secretary
A - 43755

Place: Pune
Date: July 03, 2020

Anita Jalan

Anita Jalan
Director
DIN: 85411

Chetan Humane

Chetan Humane
Chief financial officer



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

1. Corporate information

Indigo Paints Private Limited ("the Company") is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at 103, Montreal - I, Behind Mauli Petrol Pump, Baner Road, Pune - 411045, Maharashtra, India.

The Company is engaged in manufacture and sale of decorative paints and operates with its manufacturing facilities in Jodhpur (Rajasthan), Kochi (Kerala) and Pudukkottai (Tamil Nadu). The CIN of the Company is U24114PN2000PTC014669.

The financial statements were approved for issue in accordance with a resolution of the directors on July 03, 2020.

2.1 Significant accounting policies

(A) Basis of preparation & transition to Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 (Indian GAAP). These financial statements for the year ended March 31, 2020 are the first the Company has prepared in accordance with Ind AS. Refer to note 39 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- (i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- (ii) Employee stock option reserve

(B) Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement as well as for non-recurring measurement.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d. Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.

Sale of goods

Revenue from sale of all types of goods is recognised at the point in time when control of the asset is transferred to the customer, based on delivery terms. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price).

(ii) Volume rebates

The Company applies the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future rebates.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 2.2.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

f. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) entitlement

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Goods and Services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Goods and Services tax paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

g. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. It comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Useful lives (in years) prescribed in Schedule II of the act (Single shift basis)
Factory building	30
Office building	60
Plant and machinery	5 to 15
Furniture and fixture	10
Electrical installation and equipment	10
Office equipment's	10
Computers and peripherals	3
Vehicles	8

Leasehold improvements are depreciated on a straight-line basis over the period of the lease or useful life whichever is lower. The lease term is five years.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer Software	Finite (10 years)	Amortised on a straight-line basis over the period of the computer software	Acquired
Goodwill	Infinite	No amortisation	Acquired

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- a. Leasehold land - upto 99 years
- b. Building - upto 5 years



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date with no option for extension and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- (iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



Indigo Paints Private Limited
Notes to the financial statements for the year ended March 31, 2020
(All amounts in Rupees lakhs, unless otherwise stated)

l. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

m. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.



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

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (ii) Net interest expense or income

o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where



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an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p. Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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



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- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Derecognition

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

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not



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increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, a Company is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of profit and loss. This amount is reflected in a separate line in the Statement of profit and loss as an impairment gain or loss. The balance sheet presentation is described below:

Financial assets measured as at amortized cost and contractual revenue receivables. ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss



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Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

q. Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.



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Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

r. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.2 Significant accounting judgements, estimates and assumptions

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

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management
- Financial risk management objectives and policies
- Sensitivity analyses disclosures

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.



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Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

• *Determining method to estimate variable consideration and assessing the constraint*

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.



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The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payments

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a DCF model for Employee Share Option Plan. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 30.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at April 01, 2018, the Company has INR 1,717.83 lakhs of carried forward tax losses on which deferred tax has not been recognized. If the Company was able to recognise all unrecognised deferred tax assets, equity as at April 01, 2018 would have increased by INR 530.81 lakhs. Further details on taxes are disclosed in Note 18

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair value of financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets if available, otherwise, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company developed a model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied a model for estimating expected volume rebates for contracts. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.



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The Company updates its assessment of expected returns and volume rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. Refer note 19 for further details.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates).



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3.1 Property, plant and equipment (PPE)

Particulars	Freehold land (refer note (ii))	Building	Plant and machinery (refer note (i))	Furniture and fixture	Office equipment	Leasehold improvements	Electrical installations and equipments	Computers and peripherals	Vehicles	Total	Capital Work in progress
Deemed Cost											
At April 1, 2018*	526.84	2,275.41	2,799.43	131.62	14.49	34.60	292.43	11.99	55.49	6,142.30	246.30
Additions	2.74	1,192.37	2,438.02	18.09	66.96	-	202.41	13.56	-	3,934.15	439.69
Disposals/transfers	-	41.77	9.15	3.82	-	-	15.14	-	0.91	70.79	(246.30)
At March 31, 2019	529.58	3,426.01	5,228.30	145.89	81.45	34.60	479.70	25.55	54.58	10,005.66	439.69
Additions	-	3,418.92	3,329.89	99.64	70.15	-	192.26	9.47	-	7,120.33	76.60
Disposals/transfers	-	462.06	10.70	-	-	-	17.31	0.13	-	490.20	(407.40)
At March 31, 2020	529.58	6,382.87	8,547.49	245.53	151.60	34.60	654.65	34.89	54.58	16,635.79	108.89
Depreciation											
At April 1, 2018*	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	448.84	796.28	22.65	4.33	18.33	65.21	7.52	10.48	1,373.64	-
Disposals	-	1.82	0.78	0.44	-	-	7.51	-	0.72	11.27	-
At March 31, 2019	-	447.02	795.50	22.21	4.33	18.33	57.70	7.52	9.76	1,362.37	-
Charge for the year	-	222.83	1,204.27	26.17	9.68	9.17	68.26	10.42	9.78	1,560.58	-
Disposals/transfers	-	462.06	10.70	-	-	-	17.31	0.13	-	490.20	-
At March 31, 2020	-	207.79	1,989.07	48.38	14.01	27.50	108.65	17.81	19.54	2,432.75	-
Net block											
At April 01, 2018*	526.84	2,275.41	2,799.43	131.62	14.49	34.60	292.43	11.99	55.49	6,142.30	246.30
At March 31, 2019	529.58	2,978.99	4,432.80	123.68	77.12	16.27	422.00	18.03	44.82	8,643.29	439.69
At March 31, 2020	529.58	6,175.08	6,558.42	197.15	137.59	7.10	546.00	17.08	35.04	14,203.04	108.89

3.2 Right of use assets

Particulars	Leasehold land	Leased Building	Total
Deemed Cost			
At April 1, 2018	248.86	768.52	1,017.38
Additions	1,981.12	439.41	2,420.53
At March 31, 2019	2,229.98	1,207.93	3,437.91
Additions	24.63	33.22	57.85
At March 31, 2020	2,254.61	1,241.15	3,495.76
Depreciation			
At April 1, 2018	-	-	-
Charge for the year	12.89	311.05	323.94
At March 31, 2019	12.89	311.05	323.94
Charge for the year	22.95	369.36	392.31
At March 31, 2020	35.84	680.41	716.25
Net block			
At April 01, 2018	248.86	768.52	1,017.38
At March 31, 2019	2,217.09	896.88	3,113.97
At March 31, 2020	2,218.77	560.74	2,779.51

Notes

i. Plant and machinery includes Tinting machines installed at customers location given under lease arrangements (refer note 34). The carrying value of such assets are as below:

Particulars	Gross block	Accumulated depreciation	Net Block
As at April 01, 2018	1,490.00	163.50	1,326.50
At March 31, 2019	3,117.66	644.42	2,473.24
At March 31, 2020	4,653.06	1,428.92	3,224.14

ii. With respect to immovable properties aggregating Rs. 30.54 lakhs (March 31, 2019: Rs. 287.33 lakhs; April 01, 2018: 2101.61 lakhs) acquired under Scheme of Amalgamation, registration of title deeds in name of the Company is in progress.

iii. For details of borrowing cost capitalised during the year, refer note 24.



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

3.3 Intangible assets and goodwill

Particulars	Goodwill	Computer software	Total intangible assets
Cost			
At April 1, 2018*	3,055.20	48.46	3,103.66
Additions	-	2.95	2.95
Disposals/transfers	-	0.56	0.56
At March 31, 2019	3,055.20	50.85	3,106.05
Additions	-	2.10	2.10
Disposals/transfers	-	-	-
At March 31, 2020	3,055.20	52.95	3,108.15
Amortization			
At April 1, 2018*	-	-	-
Charge for the year	-	7.79	7.79
Disposals	-	0.08	0.08
At March 31, 2019	-	7.71	7.71
Charge for the year	-	8.10	8.10
Disposals/transfers	-	-	-
At March 31, 2020	-	15.81	15.81
Net block			
At April 01, 2018	3,055.20	48.46	3,103.66
At March 31, 2019	3,055.20	43.14	3,098.34
At March 31, 2020	3,055.20	37.14	3,092.34

3.4 Impairment testing of goodwill

Goodwill as per the financial statements arose as part of the business purchase and merger of Hi-Build Coating Private Limited (HBC). For the purpose of impairment testing of Goodwill, as per the business plan of purchase, the entire business of the Company is considered as single Cash Generating Unit (CGU), as post business combination the entire operations of the Company has been integrated for synergies, includes aligning of manufacturing facilities, logistic management, technology exchange, etc

For carrying amount of goodwill refer note 3.3

The Company has performed its annual impairment test for years ended March 31, 2020, March 31, 2019 and April 01, 2018. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The projected cash flows have been updated to reflect the demand changes for products pursuant to Covid-19 pandemic. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 10% (31 March 2019: 10%).

Based on the cash flow projections, discount rate and other assumptions including Gross Margin, Sales discount, Market share, Volume Growth, etc it was concluded that the value in use exceeds the carrying value of goodwill and overall CGU. As a result of the analysis, no impairment of the Goodwill was required.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

4 Investments

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Current investments			
Investments at fair value through profit or loss (FVTPL)			
Investments in mutual funds (quoted funds):			
HDFC Short Term Plan - Growth	427.37	391.67	368.36
Aditya Birla Sun Life - Short Term Regular Fund - Growth	421.74	392.98	366.79
ICICI Prudential - Credit Risk Regular Fund - Growth	429.36	392.25	366.72
Franklin Templeton - India Income Opportunities Fund - Growth	402.52	400.93	370.97
Larsen & Toubro - Credit Risk Regular Fund - Growth	402.72	392.59	370.59
Total current investments	2,083.71	1,970.42	1,843.43
Aggregate amount of quoted investments and market value thereof	2,083.71	1,970.42	1,843.43

Also refer note 37 for determination of fair values.

Details of quoted investments

	'Face value	Units (in lakhs)		
		March 31, 2020	March 31, 2019	April 01, 2018
Investments in mutual funds (quoted funds):				
HDFC Short Term Plan - Growth	10	25.67	25.67	25.67
Aditya Birla Sun Life - Short Term Regular Fund - Growth	10	12.71	12.71	12.71
ICICI Prudential - Credit Risk Regular Fund - Growth	10	19.74	19.74	19.74
Franklin Templeton - India Income Opportunities Fund - Growth	10	17.96	17.96	17.96
Larsen & Toubro - Credit Risk Regular Fund - Growth	10	18.62	18.62	18.62

5 Loans

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non-current			
At amortized cost			
Security deposits	548.09	407.11	68.79
Total non-current loans	548.09	407.11	68.79
Current			
At amortized cost			
Security deposits	31.58	32.51	25.52
Total current loans	31.58	32.51	25.52
Sub-classification of above			
Loans receivable considered good - Secured	-	-	-
Loans receivable considered good - Unsecured	579.67	439.62	94.31
Loans receivables which have significant increase in credit risk	-	-	-
Loans receivables - credit impaired	-	-	-
Less: Provision for impairment	-	-	-
	579.67	439.62	94.31

No loans and advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

6 Other financial assets

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non-Current			
Bank deposits with remaining maturity of more than twelve months	219.67	-	200.95
Interest accrued on banks deposits	10.24	-	7.64
Total other non-current financial assets	229.91	-	208.59
Current			
Insurance claims receivable	-	-	24.47
Interest accrued on banks deposits	-	17.18	-
Balance with statutory/government authorities	10.20	11.10	4.30
Total other current financial assets	10.20	28.28	28.77

7 Inventories (valued at lower of cost and net realizable value)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Raw materials and components*	2,581.56	2,840.43	2,040.36
Finished goods*	4,830.35	3,800.52	3,336.94
Traded goods	264.51	291.63	143.21
Total inventories	7,676.42	6,932.58	5,520.51

*includes goods in transit Rs. 156.60 lakhs (March 31, 2019: Rs. 330.70 lakhs and April 01, 2018: Rs Nil)

*includes sales in transit Rs. 168.07 lakhs (March 31, 2019: Rs. 421.76 lakhs and April 01, 2018: Rs 444.02 lakhs)

Also refer note 13 for hypothecation of inventories.

For the year ended March 31, 2020 Rs. 10.86 lakhs (March 31, 2019 Rs. Nil, April 01, 2018 Rs Nil) was recognised (net of reversals) as an expense for finished goods inventories carried at net realisable value. These were recognised as expense during the year and included in cost of raw materials and components consumed in the Statement of profit and loss.

8 Trade receivables

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade receivables	10,447.43	10,384.67	9,678.63
Total trade receivables	10,447.43	10,384.67	9,678.63

Break-up for security details:

Trade receivables

Secured, considered good	-	-	-
Unsecured, considered good	10,388.92	10,394.20	9,699.60
Trade receivables which have significant increase in credit risk	178.51	140.47	79.03
Trade receivables - credit impaired	-	-	-
	10,567.43	10,534.67	9,778.63

Impairment allowance (allowance for bad and doubtful debts)

Unsecured, considered good	(53.71)	(84.71)	(66.96)
Trade receivables which have significant increase in credit risk	(66.29)	(65.29)	(33.04)
	(120.00)	(150.00)	(100.00)
	10,447.43	10,384.67	9,678.63

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non interest bearing and generally on terms of 30 to 90 days.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

9 Cash and bank balances

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
9.1 Cash and cash equivalents			
Balance with Banks			
- on current accounts	558.91	1,172.96	453.00
Cash on hand	9.52	11.25	9.34
Total cash and cash equivalents	568.43	1,184.21	462.34
9.2 Bank balances other than cash and cash equivalents*			
Other bank balances			
Deposits with original maturity of more than three months but remaining maturity of less than twelve months	-	200.95	2.04
Deposits with remaining maturity of more than twelve months	219.67	-	200.95
Less: Amount disclosed under other financial assets (refer note 6)	(219.67)	-	(200.95)
Total bank balances other than cash and cash equivalents	-	200.95	2.04
	568.43	1,385.16	464.38

* includes Rs. 219.67 lakhs (March 31, 2019: Rs 200.00 lakhs and April 01, 2018: Rs 200.00 lakhs) pledged against short-term borrowings.

Bank deposits earns interest at fixed rates. Short-term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

10 Other assets

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non-current			
Capital advances	93.66	574.80	241.83
Prepaid expenses	-	-	8.41
Total other non-current assets	93.66	574.80	250.24
Current			
Advance to vendors	91.73	105.92	69.59
Prepaid expenses	141.99	98.73	77.28
Prepaid employee benefits (refer note 28)	4.33	16.15	-
Employee advances	23.88	20.83	3.30
Balance with statutory/government authorities	43.43	48.43	0.39
Total other current assets	305.36	290.06	150.56

There are no advances which are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

11A Equity share capital

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised shares			
43,000,000 (March 31, 2019 and April 01, 2018: 43,000,000) equity shares of Rs. 10 each	4,300.00	4,300.00	4,300.00
3,250 (March 31, 2019 and April 01, 2018: 3,250) Class A1 equity shares of Rs. 10 each	0.33	0.33	0.33
3,250 (March 31, 2019 and April 01, 2018: 3,250) Class A2 equity shares of Rs. 10 each	0.33	0.33	0.33
Total	4,300.66	4,300.66	4,300.66
Issued, subscribed and fully paid up equity shares:			
29,015,675 (March 31, 2019: 28,845,375 and April 01, 2018: 28,587,000) equity shares of Rs. 10 each	2,901.56	2,884.53	2,858.69
3,250 (March 31, 2019 and April 01, 2018: 3,250) Class A1 equity shares of Rs. 10 each	0.33	0.33	0.33
3,250 (March 31, 2019 and April 01, 2018: 3,250) Class A2 equity shares of Rs. 10 each	0.33	0.33	0.33
Total	2,902.22	2,885.19	2,859.35

The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Equity shares						
At the beginning of the year	28,851,875	2,885.19	28,593,500	2,859.35	28,593,500	2,859.35
Add : Issue of shares on exercise of stock options (refer note 30)	170,300	17.03	258,375	25.84		
Outstanding at the end of the year	29,022,175	2,902.22	28,851,875	2,885.19	28,593,500	2,859.35

For the purpose of below notes:

"Class A Equity Shares" shall mean collectively, the Class A1 Equity Shares and Class A2 Equity Shares;

"CCCPs" shall mean collectively, Series A1 CCCPS, Series A2 CCCPS, Series B CCCPS and Series C CCCPS

Terms/rights attached to equity shares

The Company has only three classes of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Class A Equity Shares shall carry such number of votes as may be necessary to permit each holder of the CCCPS to vote, on all matters submitted to the vote of the shareholders of the Company, in such manner and such proportion as each such holder of the CCCPS would have been entitled to, had each such holder of the CCCPS elected to convert its CCCPS into equity shares at the applicable conversion price*. At all other times, and in all other events (including the event of a holder of Class A Equity Shares not holding any CCCPS), the Class A Equity Shares held by such Shareholder shall carry 1 (one) vote each. In the event of liquidation of the Company, the holders of all classes of equity shares will be entitled to receive the remaining assets of the Company. The distribution of the remaining assets of the Company will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of shareholding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Equity shares of Rs. 10 each fully paid						
Hemant Jalan	10,237,500	35.28%	10,237,500	35.49%	10,237,500	35.81%
Anita Jalan	6,987,500	24.08%	6,987,500	24.22%	6,987,500	24.44%
Kamalprasad Jalan	1,657,500	5.71%	1,657,500	5.75%	1,657,500	5.80%
Taradevi Jalan	1,891,045	6.52%	1,891,045	6.56%	1,891,045	6.62%
Parag Jalan	1,625,000	5.60%	1,625,000	5.63%	1,625,000	5.68%
Halogen Chemicals Private Limited - India	4,958,070	17.09%	4,958,070	17.19%	4,958,070	17.34%
Class A1 Equity shares of Rs. 10 each fully paid						
Sequoia Capital India Investments IV - Mauritius	3,250	100.00%	3,250	100.00%	3,250	100.00%
Class A2 Equity shares of Rs. 10 each fully paid						
Sequoia Capital India Investments IV - Mauritius	3,250	100.00%	3,250	100.00%	3,250	100.00%

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	Number of shares		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Bonus shares issued in FY 2016-17 by capitalisation of securities premium			
Equity shares	28,147,200	28,147,200	28,147,200
Class A1 equity shares	3,200	3,200	3,200
Class A2 equity shares	3,200	3,200	3,200



Indigo Paints Private Limited
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11B Instruments in the nature of equity

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised shares			
247,355 (March 31, 2019 and April 01, 2018: 247,355) 0.001% compulsory convertible cumulative preference shares (CCCCPS) of Rs.100 each	247.36	247.36	247.36
15,830,950 (March 31, 2019 and April 01, 2018: 15,830,950) 0.001% compulsory convertible cumulative preference shares (CCCCPS) of Rs. 10 each	1,583.10	1,583.10	1,583.10
2,000,000 (March 31, 2019 and April 01, 2018: 2,000,000) redeemable preference shares of Rs. 10 each	200.00	200.00	200.00
Total	2,030.46	2,030.46	2,030.46

Issued, subscribed and fully paid up compulsorily convertible preference shares			
69,904 (March 31, 2019 and April 01, 2018: 69,904) series A1 fully and 0.001% compulsorily convertible cumulative preference shares ("CCCCPS") of Rs.100 each	69.90	69.90	69.90
46,586 (March 31, 2019 and April 01, 2018: 46,586) series A2 fully and 0.001% compulsorily convertible cumulative preference shares ("CCCCPS") of Rs.100 each	46.59	46.59	46.59
130,865 (March 31, 2019 and April 01, 2018: 1,30,865) series B fully and 0.001% compulsorily convertible cumulative preference shares ("CCCCPS") of Rs.100 each	130.87	130.87	130.87
15,830,720 (March 31, 2019 and April 01, 2018: 15,830,720) series C fully and 0.001% compulsorily convertible cumulative preference shares ("CCCCPS") of Rs.10 each	1,583.07	1,583.07	1,583.07
Total	1,830.42	1,830.42	1,830.42

The reconciliation of the number of CCPS outstanding is set out below

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Compulsorily convertible preference shares						
At the beginning of the year	16,078,075	1,830.42	16,078,075	1,830.42	16,078,075	1,830.42
Add: Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	16,078,075	1,830.42	16,078,075	1,830.42	16,078,075	1,830.42

Terms of conversion/ redemption of CCCPS

Each holder of CCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CCCPS.

Each holder of CCCPS can opt to convert its preference shares into equity shares at any time at the option of the holder of the CCCPS subject to compliance with applicable laws, at the conversion price*, upon the earlier of (i) one day prior to the expiry of 20 years from the date of allotment or (ii) in connection with an IPO (or any subsequent IPO), prior to the filing of prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under applicable laws.

If the holder exercises its conversion option, each CCCPS will be converted into that number obtained by dividing the total amount actually paid by the CCCPS holders by the conversion price at the time in effect for such CCCPS. No fractional shares shall be issued upon conversion of the CCCPS and the number of equity shares to be issued shall be rounded to the nearest whole share.

Any proceeds remaining after full payment of the preference amount and the promoter's entitlement shall be distributed pari passu among the holders of the Series A CCCPS, Series B CCCPS, Series C CCCPS and holders of the Equity Shares, on a pro rata, as-if-converted basis, in the manner set out under the amended and restated shareholders agreement dated February 8, 2016 as amended from time to time.

* The CCCPS shall be converted into equity shares at the conversion price based on an initial conversion price as adjusted from time to time for anti dilution rights of CCPS holders, in the manner set out under the amended and restated shareholders agreement dated February 8, 2016 as amended from time to time

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Series A CCCPS are issued at a preferential dividend rate of 0.001% per annum. The preferential dividend is cumulative and shall accrue from year to year whether or not paid, and accrued dividends shall be paid in full (together with dividends accrued from prior years) prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year, but except Series B CCCPS, on which dividend shall be distributed on pari passu basis with the holders of Series A CCCPS. The Series B CCCPS are issued at a preferential dividend rate of 0.001% per annum. The preferential dividend is cumulative and shall accrue from year to year whether or not paid, and accrued dividends shall be paid in full (together with dividends accrued from prior years) prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year, but except Series A CCCPS, on which dividend shall be distributed on pari passu basis with the holders of Series B CCCPS. The Series C was a bonus issue and therefore holds the same rights in pari passu to Series A CCCPS and Series B CCCPS.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

Details of shareholding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Series A1 CCCPS of Rs. 100 each fully paid						
Sequoia Capital India Investments IV - Mauritius	69,904	100.00%	69,904	100.00%	69,904	100.00%
Series A2 CCCPS of Rs. 100 each fully paid						
Sequoia Capital India Investments IV - Mauritius	46,586	100.00%	46,586	100.00%	46,586	100.00%
Series B CCCPS of Rs. 100 each fully paid						
SCI Investments V - Mauritius	130,865	100.00%	130,865	100.00%	130,865	100.00%
Series C CCCPS of Rs. 10 each fully paid						
Sequoia Capital India Investments IV - Mauritius	7,455,360	47.09%	7,455,360	47.09%	7,455,360	47.09%
SCI Investments V - Mauritius	8,375,360	52.91%	8,375,360	52.91%	8,375,360	52.91%

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	Number of shares		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Bonus shares issued in FY 2016-17 by capitalisation of securities premium			
Preference shares ("CCCPS")	15,830,720	15,830,720	15,830,720

12 Other equity

	As at March 31, 2020	As at March 31, 2019
Reserves and surplus		
Securities premium account		
Balance as per last financial statements	9,557.28	9,354.13
Add: premium on issue of shares under ESOS 2014 (refer note 30)	159.80	146.38
Add: Transferred from share based payment reserve	62.20	56.77
Closing balance	9,779.28	9,557.28
General reserve		
Balance as per last financial statements	43.78	43.78
Closing balance	43.78	43.78
Share options outstanding reserve		
Balance as per last financial statements	203.77	165.27
Add: Compensation for options granted during the year (refer note 23)	10.94	95.27
Less: Transferred to securities premium	(62.20)	(56.77)
Closing balance	152.51	203.77
Retained earnings		
Opening balance	225.99	(2,477.04)
Add: Profit for the year	4,781.48	2,686.97
Dividend on preference shares	(0.02)	(0.02)
Tax on preference dividend	(0.01)	(0.01)
Items of other comprehensive income recognised directly in retained earnings:		
Re-measurement (loss)/gain on defined benefit plans, net of tax Rs. (3.43) lakhs (March 31, 2019 Rs. 8.64 lakhs)	(10.21)	16.09
Net surplus in the statement of profit and loss	4,997.23	225.99
Closing balance		
Total reserves and surplus	14,972.80	10,030.82
Total other equity	14,972.80	10,030.82

Securities premium account - Represents premium received on issue of equity shares (including those under Employee stock option plan) and issue of CCPS. The account is netted off for utilisation of bonus shares.

General reserve - Represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act 1956.

Share options outstanding reserve: The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.



Indigo Paints Private Limited
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13 Borrowings

13.1 Non-current Borrowings

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Term loans (secured)			
Indian rupee loan from bank (refer note a below)	3,541.58	3,520.97	1,284.04
Other loans (secured)			
Loan against movable assets (refer note b below)	12.52	20.99	35.03
	<u>3,554.10</u>	<u>3,541.96</u>	<u>1,319.07</u>
Less: Amount disclosed under the head other current financial liabilities (refer note 16)			
- Current maturities of long-term debt	(1,082.25)	(850.91)	(427.79)
Total non-current borrowings	<u>2,471.85</u>	<u>2,691.05</u>	<u>891.28</u>

a. Term loan

India Rupee loan from bank comprises of loans having interest in the range of 9.55% p.a. to 10.10% p.a. (March 31, 2019: 9.50% p.a. to 10.15% p.a. ; April 01, 2018: 9.50% p.a. to 9.85% p.a.).

i. Term loan from a bank for Rs 1409.83 lakhs is secured by exclusive charge of land in SY No 1126/1D/3 & 130/1D/3 of Thrikkakkara North Village in Major Industrial Estate Kalamassery along with plant and machinery installed at Kalamassery and F-910/911 RICO Industrial Area, Phase IV, Boranada Jodhpur and pari-passu charge on inventory and trade receivables. The loan is repayable in 60 equal monthly instalments beginning from August 2018.

ii. Term loan from a bank for Rs 3300.00 lakhs is secured by exclusive charge on land in SY No 1126/1D/3 & 130/1D/3 of Thrikkakkara North Village in Major Industrial Estate Kalamassery, land and building at F-910 & 911 and land located at plot no A - 207-208(Old SEZ) at Jodhpur Boranada Industrial Area, Jodhpur, Rajasthan and pari-passu charge on inventory and trade receivable. The loan is repayable in 60 equal monthly instalments commencing from April 2019.

b. The loans against movable assets hypothecated for vehicles carries an interest rate of 9.14% p.a. Loans are repayable in 60 equal monthly instalments till June 2021.

13.2 Current Borrowings

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Secured			
Cash credit from bank	252.91	2,470.59	2,199.63
Working capital demand loan	-	-	55.46
Packing credit in foreign currency	-	-	8.67
Unsecured			
Working capital demand loan	1,200.00	-	-
	<u>1,452.91</u>	<u>2,470.59</u>	<u>2,263.76</u>

Cash credit facilities from bank carries interest in the range of 9.85% p.a. to 11.40 % p.a., linked to base rate. The loan is secured by creating first charge by way of hypothecation of inventory and trade receivables, both present and future of the Company.

Working capital loan facilities from bank carries interest rate of MCLR+160 basis point (April 1, 2018: 9.85% p.a. to 11.40 % p.a.).

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

14 Trade payables

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Trade payables to:			
- micro and small enterprises (refer note 33)	975.21	1,283.26	879.08
- others than micro and small enterprises	12,883.73	12,340.87	9,973.79
Total trade payables	13,858.94	13,624.13	10,852.87

Terms and conditions of the above financial liabilities:

- a. Trade payables are non-interest bearing and are normally settled on 60-90 days terms.
 - b. Includes trade payables for Inventory related items of Rs 8,521.52 lakhs, (March 31, 2019 Rs 8,417.88 lakhs, April 01, 2018 Rs 6,583.72 lakhs)
- For explanations on the Company's financial risk management processes, refer to note 38.

15 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Current			
Current maturities of long term debts (refer note 13)	1,082.25	850.91	427.79
Interest accrued and due on borrowings	29.06	17.27	-
Payables for PPE and intangible assets	789.08	594.10	532.72
Security deposits	38.80	44.00	44.00
Proposed CCCPS dividend	0.08	0.06	0.04
Provision for tax on preference dividend	0.02	0.02	0.01
Total other current financial liabilities	1,939.29	1,506.36	1,004.56

16 Other liabilities

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non current			
Deferred revenue (refer note 3, 19 and 34)	384.55	316.67	178.91
Total other non-current liabilities	384.55	316.67	178.91
Current			
Advance from customers	186.75	118.90	105.47
Deferred revenue (refer note 3, 19 and 34)	149.76	100.11	44.90
Statutory dues payables*	224.93	563.76	865.58
Total other current liabilities	561.44	782.77	1,015.95

*Statutory dues payable includes payable on account of provident fund, tax deducted at source, goods and service tax etc.

17 Provisions

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non-Current			
Provision for long term sales incentive	130.00	-	-
	130.00	-	-
Current			
Provision for gratuity (refer note 28)	-	-	14.67
Provision for leave encashment	106.11	-	-
	106.11	-	14.67
Total provisions	236.11	-	14.67

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

18 Income taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are current tax and deferred tax :

Statement of profit and loss

	March 31, 2020	March 31, 2019
Current income tax charge:		
Current income tax	1,471.34	482.45
Deferred tax		
Relating to origination and reversal of temporary differences	489.86	201.62
Income tax expense reported in the Statement of profit and loss	1,961.20	684.07

Income tax recognised in other comprehensive income

Particulars	March 31, 2020	March 31, 2019
Remeasurements of defined benefit liability (asset)	3.43	(8.64)
	3.43	(8.64)

Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for March 31, 2020 and March 31, 2019

	March 31, 2020	March 31, 2019
Accounting profit before tax	6,742.68	3,371.04
Tax as per India's statutory income tax rate of 25.17% (March 31, 2019: 34.94%)	1,697.13	1,177.84
Tax benefit on brought forward tax losses not recognized in earlier years#	(42.79)	(514.34)
Change in Deferred Tax liability down due to rate change*	(193.70)	-
MAT Entitlement of earlier year written-off*	482.45	-
Other non-deductibles expenses	12.96	16.33
Others	5.15	4.24
Effective income tax	1,961.20	684.07

Deferred tax asset/ (liabilities)

	Balance sheet		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred tax relates to the following			
Accelerated depreciation for tax purposes	(700.69)	(828.17)	(449.96)
Change in fair value of financial instruments	(146.92)	(164.38)	-
Disallowance towards doubtful debts and advances	30.20	52.41	30.90
Disallowance towards provisions for bonus, business promotion expenses, leave encashment, etc	69.70	34.36	53.84
ICD's related allowances / disallowances	29.35	173.31	(71.32)
Deferred tax on leased assets and liabilities (net)	16.46	14.95	-
Deferred tax on tax losses carried forward#	-	16.17	436.54
On Items recognized in OCI	5.21	8.64	-
Minimum alternate tax credit entitlement	-	482.45	-
Net deferred tax (liabilities)	(696.69)	(210.26)	-

Deferred tax charge

	Statement of profit and loss	
	March 31, 2020	March 31, 2019
Deferred tax charges relates to the movement in the following items		
Accelerated depreciation for tax purposes	127.48	(378.21)
Change in fair value of financial instruments	17.46	(164.38)
Disallowance towards doubtful debts and advances	(22.21)	21.51
Disallowance towards provisions for bonus, business promotion expenses, leave encashment, etc	35.34	(19.48)
ICD's related allowances / disallowances	(143.96)	244.63
Deferred tax on leased assets and liabilities (net)	1.51	14.95
Deferred tax on tax losses carried forward	(16.17)	(420.37)
On Items recognized in OCI	(3.43)	8.64
Minimum alternate tax	(482.45)	482.45
Net deferred tax (liabilities)	(486.43)	(210.26)

Reconciliation of deferred tax liabilities (net)

	March 31, 2020	March 31, 2019
Opening balance	210.26	-
Tax expense during the period recognised in profit or loss	489.86	201.62
Tax (income)/expense during the period recognised in OCI	(3.43)	8.64
Closing balance	696.69	210.26

*The Company has computed the tax expense of the current financial period as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, (a) the current and deferred tax expense for the year ended March 31, 2020, has been determined at the rate of 25.17% and (b) the deferred tax assets as at April 1, 2019, have been written down considering the enacted rate of 25.17%.

The deferred tax asset for April 01, 2018 has been recognized only to the extent of liabilities

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

19 Revenue from operations

	March 31, 2020	March 31, 2019
Revenue from contracts with customers (At a point in time)		
Sale of manufactured goods	60,435.37	51,862.71
Sale of traded goods	1,746.34	1,413.95
Total revenue from contracts with customers	62,181.71	53,276.66
Other operating revenue		
Scrap sales	162.13	203.16
Amortisation of deferred income (also refer note 3, 16 and 34)	135.36	83.05
Total other operating revenue	297.49	286.21
Total revenue from operations	62,479.20	53,562.87

Disclosure pursuant to Ind AS 115: Revenue from contract with customers

A Disaggregated revenue

(i) Revenue by geographical market

	March 31, 2020	March 31, 2019
Within India	61,932.21	53,194.46
Outside India	546.99	368.41
	62,479.20	53,562.87

B Contract balances

	March 31, 2020	March 31, 2019
Advance from customers (note 16)	186.75	118.90
Trade receivables (note 8)	10,447.43	10,384.67

C Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:

	March 31, 2020	March 31, 2019
Advance from customers (note 16)	118.90	105.47

D Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	March 31, 2020	March 31, 2019
Invoicing as per contracted price	68,890.87	59,457.70
Less - Discounts and rebates	(7,116.89)	(6,130.26)
Add: Changes in revenue due to performance obligations (net)	407.73	(50.78)
Net revenue from contract with customers	62,181.71	53,276.66

20 Other income

	March 31, 2020	March 31, 2019
Interest income on bank deposits	17.08	18.89
Foreign exchange differences (net)	2.85	11.30
Miscellaneous income	20.10	4.49
Fair value gain on financial instruments at fair value through profit or loss	113.29	126.99
Profit on sale of fixed assets (net)	8.08	-
Total other income	161.40	161.67

21 Cost of raw material and components consumed

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	2,840.43	2,040.36
Add: purchases	31,854.32	30,451.57
	34,694.75	32,491.93
Less: inventory at the end of the year	2,581.56	2,840.43
Total cost of raw materials and components consumed	32,113.19	29,651.50

22 (Increase) in inventories of finished goods and work-in-progress

	March 31, 2020	March 31, 2019
Inventory at the end of the year		
Finished goods	4,830.35	3,800.52
Traded goods	264.51	291.63
	5,094.86	4,092.15
Inventory at the beginning of the year		
Finished goods	3,800.52	3,336.94
Traded goods	291.63	143.21
	4,092.15	3,480.15
Net (increase) in inventories of finished goods and work-in-progress	(1,002.71)	(612.00)

23 Employee benefits expenses

	March 31, 2020	March 31, 2019
Salaries, wages and bonus	4,014.32	3,387.98
Employee stock option expenses (refer note 12)	10.94	95.27
Contribution to provident fund and other funds	83.37	75.25
Gratuity expenses (refer note 29)	20.98	21.79
Staff welfare expenses	69.37	57.95
Total employee benefits expenses	4,198.98	3,638.24



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
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24 Finance costs

	March 31, 2020	March 31, 2019
Interest expenses	575.17	449.38
Unwinding of financial liabilities	78.58	75.95
Less: borrowing cost capitalised (refer note 3)	(94.30)	(59.71)
Total finance costs	559.45	465.62

25 Depreciation and amortization expenses

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (refer note 3.1)	1,560.58	1,373.64
Depreciation of Right-of-use assets (refer note 3.2)	392.31	323.94
Amortization of intangible assets (refer note 3.3)	8.10	7.79
Total depreciation and amortization expenses	1,960.99	1,705.37

26 Other expenses

	March 31, 2020	March 31, 2019
Consumption of stores and spares	128.66	115.64
Contract labour charges	469.28	442.02
Power and fuel	269.21	277.46
Freight and forwarding charges	6,577.01	5,549.51
Rent (refer note 36)	9.13	41.76
Rates and taxes	43.10	89.90
Repairs and maintenance		
- Plant and machinery	138.12	130.02
- Others	87.90	45.89
Advertisement and sales promotion	7,905.41	6,766.01
Travelling and conveyance	745.89	644.43
Communication expense	36.04	38.91
Legal and professional charges	107.62	90.73
Payment to auditors		
- Audit fees	27.00	25.30
- Out of pocket expenses	1.27	1.10
Provision for impairment of financial assets	25.42	79.31
Loss on sale of fixed assets (net)	-	10.95
CSR expenditure	28.20	-
Miscellaneous expenses	383.12	312.44
Total other expenses	16,982.38	14,661.38

A. Details of CSR expenditure

	March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year	7.51	-
1. Amount spent during the year ended on March 31, 2020:	In cash	Yet to be paid
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	28.20	-
2. Amount spent during the year ended on March 31, 2019:	In cash	Yet to be paid
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-

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Indigo Paints Private Limited
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27 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following table reflects the income and earnings per share data used in the basic and diluted EPS computation:

	March 31, 2020	March 31, 2019
Profit after tax	4,781.48	2,686.97
Less: dividends on convertible preference shares and tax thereon	(0.03)	(0.03)
Net profit for calculation of basic EPS	4,781.45	2,686.94
Net profit as above	4,781.45	2,686.94
Add: dividends on convertible preference shares and tax thereon	0.03	0.03
Net profit for calculation of diluted EPS	4,781.48	2,686.97

Computation of weighted average number of shares

	March 31, 2020	March 31, 2019
Calculation of weighted number of shares of Rs. 10 each		
Number of shares outstanding for 365 days	28,821,436	28,593,500
Number of shares outstanding for 322 days	-	258,375
Number of shares outstanding for 337 days	170,300	-
Weighted average number of equity shares in calculating basic EPS	28,978,672	28,821,436
Effect of dilution:		
Convertible preference shares	16,078,075	16,078,075
Stock options granted under ESOP	483,075	625,625
Weighted average number of equity shares in calculating diluted EPS	45,539,822	45,525,136
Nominal value of shares (Rs.)	10	10
Basic earnings per share (Rs.)	16.50	9.32
Diluted earnings per share (Rs.)	10.50	5.90

28 Gratuity and other Post employment benefit plans

A. Defined benefit plan:

Gratuity plan

The Company operates a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. For certain class of employees, the gratuity will be paid at 30 days salary (last drawn salary) for each completed year of service post their completion of 20 years of employment. The plan is funded with LIC by the Company.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

	March 31, 2020	March 31, 2019
Current service cost	23.09	21.49
Past service cost	-	-
Net interest (income)/ expense	(2.11)	0.30
Net benefit expense in the Statement of profit and loss	20.98	21.79

Amount recognised in the statement of other comprehensive income

	March 31, 2020	March 31, 2019
Actuarial losses arising from changes in financial assumptions	14.32	-
Actuarial (gains) arising from changes in experience	(2.58)	(28.23)
Actuarial (gains) arising from changes in demographic assumptions	(0.13)	-
Return on plan assets excluding amounts included in interest income	2.03	3.50
Total re-measurement costs for the year recognised in other comprehensive income	13.64	(24.73)



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Notes to financial statements for the year ended March 31, 2020
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Changes in the present value of the defined benefit obligation are as follows :

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	131.51	156.00
Current service cost	23.09	21.49
Interest cost	9.42	11.38
Benefits paid	(4.15)	(29.13)
Re-measurement loss in other comprehensive income	11.61	(28.23)
Closing defined benefit obligation	171.48	131.51

Changes in the fair value of plan assets are as follows :

	March 31, 2020	March 31, 2019
Fair value of plan assets at the beginning of the period	147.66	141.33
Interest income	11.53	11.08
Contributions by employer	22.80	26.19
Benefits paid	(4.15)	(27.44)
Return on plan assets, excluding amount recognized in interest income (losses)	(2.03)	(3.50)
Fair value of plan assets at the end of the period	175.81	147.66

Net benefit liability/ (asset)

	March 31, 2020	March 31, 2019
Present value of defined benefit obligation at the end of the period	171.48	131.51
Fair value of plan assets at the end of the period	175.81	147.66
Net (asset)	(4.33)	(16.15)

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

	March 31, 2020	March 31, 2019
Nature of Plan Assets		
Investments with insurer	100%	100%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	March 31, 2020	March 31, 2019
Discount rate	6.85%	7.60%
Salary growth rate	5.00%	5.00%
Expected rate of return on plan assets	7.90%	7.75%
Normal age of retirement	60 years	60 years
Withdrawal rate	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 and March 31, 2019 is as shown below:

Assumptions	Impact on defined benefit obligation			
	March 31, 2020		March 31, 2019	
	Increase by 50 basis points	Decrease by 50 basis points	Increase by 50 basis points	Decrease by 50 basis points
Discount rate	(9.76)	10.70	(7.14)	7.77
Salary growth rate	10.84	(9.97)	7.97	(7.34)
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Withdrawal Rate	0.58	(0.60)	0.65	(0.70)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis didn't change compared to the previous periods.

The following are the expected cashflows to the defined benefit plan in future years:

	March 31, 2020	March 31, 2019
Within next 12 months	13.46	15.03
Between 1 to 5 years	40.65	30.42
Between 5 to 10 years	44.51	33.20



Indigo Paints Private Limited
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29 Related party transactions

A Names of related parties and related party relationship

Halogen Chemicals Private Limited Associate Company

Key managerial person (KMP)

Hemant Jalan	Managing Director
Anita Jalan	Director
Kottiedath Venugopal Narayanankutty	Director
Sujoy Bose (w.e.f March 07, 2018)	Company Secretary
Chetan Humane (w.e.f March 11, 2020)	Chief financial officer

Relative of KMP

Vinay Menon

B Related party transactions and balances

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	March 31, 2020	March 31, 2019
a. Transactions during the year		
Purchase of goods		
Halogen Chemicals Private Limited	-	3.62
Lease rentals		
Halogen Chemicals Private Limited	-	0.75
b. Remuneration paid		
Salary allowances and bonus**		
Hemant Jalan	90.00	72.00
Anita Jalan	6.00	6.00
Kottiedath Venugopal Narayanankutty	69.00	78.90
Vinay Menon	21.96	21.46
Sujoy Bose	5.44	4.81
Chetan Humane	1.28	-
Remuneration payable		
Hemant Jalan	7.50	4.17
Anita Jalan	0.50	0.50
Kottiedath Venugopal Narayanankutty	5.75	3.34
Vinay Menon	1.83	1.23
Sujoy Bose	0.45	0.35
Chetan Humane	2.09	-

** The remuneration does not include gratuity and leave encashment since the same is calculated for all the employees of the Company as a whole.

** Above excludes employee stock option perquisites.

Terms and conditions of related party transactions and balances

The transactions with related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the end of the year are unsecured and interest free and settlement occurs in cash.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

30 Employee stock option scheme (adjusted for issue of bonus shares)

i. The Company has provided following share-based payment schemes to its employees:

Particulars	Employee stock option scheme 2014	Employee stock option scheme 2014	Employee stock option scheme 2014	Employee stock option scheme 2014	Employee stock option scheme 2019
Date of grant	December 07, 2014	December 14, 2015 & March 07, 2016	December 05, 2016	December 05, 2017	June 04, 2019
Date of board approval	December 07, 2014	November 30, 2015 & February 24, 2016	December 05, 2016	December 05, 2017	April 29, 2019
Date of shareholder's approval	December 06, 2014	December 06, 2014	December 06, 2014	December 06, 2014	March 28, 2019
Number of options granted	461,500	303,875	102,375	39,000	27,750
Method of settlement	Equity settled				
Original vesting period	3 year 6 months	4 years	4 years	4 years	5 years
Vesting period*	1 year 4 months	1 year 4 months	1 year 4 months	1 year 4 months	5 years
Fair value of shares on date of grant	Rs. 66.15	Rs. 106.15	Rs. 106.15	Rs. 106.15	Rs. 242.98
Vesting conditions**	Vesting based on continued association with the Company				

*during the previous year based on the powers of the board of directors, the board had reduced the vesting period to 1 year 4 months.

**policy doesn't mention the exercise period and expected life of the options.

ii. The details of activities under the scheme have been summarized below:

	March 31, 2020		March 31, 2019	
	Number of options	Weighted average exercise price (Rs)	Number of options	Weighted average exercise price (Rs)
Outstanding at the beginning of the year	625,625	93.58	884,000	85.71
Granted during the year	27,750	10.00	-	-
Exercised during the year	(170,300)	103.86	(258,375)	66.66
Outstanding at the end of the year	483,075	85.16	625,625	93.58
Exercisable at the end of the year	455,325	89.74	586,625	92.75

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2020 is in the range of 0.00 years - 4.18 years (March 31, 2019: 0.00 years - 0.01 years).

iii. The details of stock options exercised during the year:

	March 31, 2020	March 31, 2019
Number of options exercised during the year	170,300	258,375
Weighted average share price (Rs.)	103.86	66.66

iv. The details of exercise price for stock options outstanding at the end of the year are:

	March 31, 2020	March 31, 2019
Number of options outstanding	483,075	625,625
Exercise price (Rs.)	Rs 10 - Rs 106.15	Rs 66.15 - Rs 106.15
Weighted average remaining contractual life of options (in years)	0 to 4.18 yrs	0 to 0.18 yrs
Weighted average share price (Rs.)	85.16	93.58

iv. Stock options granted:

The weighted average fair value of stock options granted during the year was Rs. 242.98 (March 31, 2019: Rs. Nil*). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2020*
Weighted average share price (Rs.)	85.16
Exercise Price (Rs.)	Rs 10 - Rs 106.15
Expected volatility (%)	27% - 30%
Expected life of the options granted (in years)	5 years
Average risk-free interest rate (%)	6.90%
Dividend yield	0.00%

*No options were granted in the year ended March 31, 2019.

v. Effect of the employee share-based payment plans on the Statement of profit and loss and on its financial position

Compensation expense arising from equity-settled employee share based payment plans for the year ended March 31, 2020 amounted to Rs. 10.94 lakhs (March 31, 2019: Rs. 95.27 lakhs). The liability for employee stock options outstanding as at March 31, 2020 is Rs. 152.51 lakhs (March 31, 2019: Rs. 203.77 lakhs).



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Notes to financial statements for the year ended March 31, 2020
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31 Capital and other commitments

i) The estimated amounts of contract remaining to be executed on capital account and not provided for are Rs. 46.41 lakhs (net of advances of Rs. 93.66 lakhs) [March 31, 2019: Rs. 1,355.72 lakhs (net of advances: Rs. 574.80 lakhs) and April 01, 2018: Rs. 817.82 lakhs (net of advances: Rs. 241.83 lakhs)]

ii) For commitments relating to lease arrangements, refer note 36.

32 Contingent liabilities

	March 31, 2020	March 31, 2019
Sales tax - C forms	4.16	26.94
Value added tax	1.10	1.10
Income tax matters	27.84	38.98
Excise and service tax related matters	93.43	110.98
Total	126.53	178.01

The management based on its assessment, believe that the outcome of these contingencies will be favourable, but not probable, and accordingly no provision for liability has been recognized in the financial statements.

Provision for provident fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. The Company has adopted the basis as mentioned in the SC judgement prospectively with effect from June 01, 2020.

33 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006)

Particulars	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-- Principal amount due to micro and small enterprises	975.21	1,283.26
-- Interest due on above	7.86	3.45
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	76.82
The amount of interest accrued and remaining unpaid at the end of each accounting year	7.86	15.31
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

34 Operating leases

Operating lease - Company as lessor

The Company has given tinting machine on operating lease to its dealers. The Company enters into 5 years cancellable lease agreements. The minimum aggregate lease payments to be received in future is considered as Rs. Nil. Accordingly, the disclosure of minimum lease payments receivable at the Balance sheet date is not made. The amount received from the dealers in nature of non-refundable deposits (representing lease income received in advance) is deferred and amortised over the period of lease.

35 Segment reporting

The Board of Directors of the Company performs the function of allotment of resources and assessment of performance of the Company. Considering the level of activities performed, frequency of their meetings and level of finality of their decisions, the Company has identified that Chief Operating Decision Maker function is being performed by the Managing Director. The financial information presented to the Board in the context of results and for the purposes of approving the annual operating plan is on a consolidated basis for various products of the Company. As the Company's business activity falls within a single business segment viz. 'Paints' and the sales substantially being in the domestic market, the financial statement are reflective of the information required by Ind AS 108 "Operating Segments".

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees millions, unless otherwise stated)

36 Leases

Company as a lessee

The Company has lease contracts mainly for godowns and depots used for storage of goods. Leases of such godowns generally have lease terms between 3 and 6 years, while depots have lease terms of 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of depots with lease terms of 12 months or less and leases of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

For details on Right to use assets, refer note 3.1

The carrying amounts of lease liabilities and the movements during the period:

Particulars	March 31, 2020	March 31, 2019
As at 1 April	939.69	768.52
Additions	33.09	439.45
Accretion of interest	78.58	75.95
Payments	(425.27)	(344.23)
As at 31 March	626.09	939.69
Current	344.10	398.70
Non-current	281.99	540.99

The maturity analysis of lease liabilities are disclosed in Note 38.

The effective interest rate for lease liabilities is 10%, with maturity between 2021-2026

The following are the amounts recognised in profit or loss:

Particulars	March 31, 2020	March 31, 2019
Depreciation expense of right-of-use assets	392.31	323.94
Interest expense on lease liabilities	78.58	75.95
Expense relating to short-term leases (included in other expenses)	9.13	41.76
Total amount recognised in statement of profit and loss	480.02	441.65

The Company had total cash outflows for leases of INR 425.27 lakhs in March 31, 2020 (INR 344.23 lakhs in March 31, 2019). The Company also had non-cash additions to right-of-use assets and lease liabilities of INR 33.09 in March 31, 2020 (INR 439.45 in March 31, 2019). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 38.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

37(A) Fair value measurements

i) Category of financial instruments and valuation techniques

Breakup of financial assets carried at amortised cost

	March 31, 2020	March 31, 2019	April 01, 2018
Trade receivables	10,447.43	10,384.67	9,678.63
Cash and cash equivalent	568.43	1,184.21	462.34
Bank balances other than Cash and cash equivalents	-	200.95	2.04
Loans	579.67	439.62	94.31
Other financial assets	240.11	28.28	237.36
Total	11,835.64	12,237.73	10,474.68

Breakup of financial assets carried at fair value through profit and loss

	March 31, 2020	March 31, 2019	April 01, 2018
Investments	2,083.71	1,970.42	1,843.43
Total			

Breakup of financial liabilities carried at amortised cost

	March 31, 2020	March 31, 2019	April 01, 2018
Borrowings	3,924.76	5,161.64	3,155.04
Trade payables	13,858.94	13,624.13	10,852.87
Other financial liabilities	1,939.29	1,506.36	1,004.56
Total	19,722.99	20,292.13	15,012.47

ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy as at March 31, 2020 and March 31, 2019 respectively.

Financial assets measures at fair value measurement hierarchy as at March 31, 2020, April 1, 2019, and March 31, 2018, respectively.					
		Fair value measurement using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Date of valuation	Level 1	Level 2	Level 3	Total
Financial assets measures at fair value					
Investments	March 31, 2020	2,083.71	-	-	2,083.71
	March 31, 2019	1,970.42	-	-	1,970.42
	April 01, 2018	1,843.43	-	-	1,843.43
Total					

There has been no transfer among Level 1, Level 2 and Level 3 during the year.

37(B) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, compulsorily convertible preference shares, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0% and 25%. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	March 31, 2020	March 31, 2019	April 01, 2018
Borrowings (refer note 13)	3,924.76	5,161.64	3,155.04
Less: cash and cash equivalents (refer note 9.1)	(568.43)	(1,184.21)	(462.34)
Net debt (A)	3,356.33	3,977.43	2,692.70
	March 31, 2020	March 31, 2019	April 01, 2018
Equity (refer note 11 and 12)	19,705.44	14,746.43	11,775.91
Total capital (B)	19,705.44	14,746.43	11,775.91
Capital and net debt (C = A+B)	23,061.77	18,723.86	14,468.61
Gearing ratio (D = A/C)	14.55%	21.24%	18.61%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

38 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans, borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and FVTPL investments. The Company has negligible direct exposure to foreign currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The analyses exclude the impact of movements in market variables on the carrying values of the Company's post-retirement obligations and provisions.

The following assumption have been made in calculating the sensitivity analyses:

(i) The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to borrow funds at fixed plus floating rate of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2020	March 31, 2019
Increase in 50 basis points	17.77	17.71
Decrease in 50 basis points	(17.77)	17.71

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including investments, deposits with banks and financial institutions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by the Company's established policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits and are defined in accordance with management's assessment of the customer. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past trend of recoverability. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
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(ii) Financial instruments and bank deposits

Credit risk from balances with banks, mutual funds is managed by the management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties based on limits defined by the management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for financial instruments (mutual funds), bank balances and deposits as at March 31, 2020 and March 31, 2019 is the carrying amounts as mentioned in note 4 and 9.

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The carrying amounts are assumed to be reasonable approximation of fair value.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Next 12 months	1 to 5 years	> 5 years	Total
March 31, 2020					
Borrowings	252.91	1,082.25	3,671.85	-	5,007.01
Lease Liabilities	-	344.10	281.99	-	626.09
Trade payables	-	13,858.94	-	-	13,858.94
Other financial liabilities	-	857.04	-	-	857.04
	252.91	16,142.33	3,953.84	-	20,349.08
March 31, 2019					
Borrowings	166.80	80.26	5,765.49	-	6,012.55
Lease Liabilities	-	398.70	540.99	-	939.69
Trade payables	-	13,624.13	-	-	13,624.13
Other financial liabilities	-	655.45	-	-	655.45
	166.80	14,758.54	6,306.48	-	21,231.82
April 01, 2018					
Borrowings	2,263.76	427.79	891.28	-	3,582.83
Lease Liabilities	-	288.30	480.22	-	768.52
Trade payables	-	10,852.87	-	-	10,852.87
Other financial liabilities	-	576.77	-	-	576.77
	2,263.76	12,145.73	1,371.50	-	15,780.99

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Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

39 First time adoption

These financial statements for the year ended March 31, 2020, are the first financial statements prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Ind AS 101 allows first time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS as follows:

(a) Deemed cost

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets and Capital work-in-progress and intangible assets under development. Accordingly the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their Previous GAAP carrying value.

(b) Goodwill arising on business combination

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for goodwill arising on business combination that occurred before the date of transition as recognised in the financial statements as at the date of transition. Accordingly the Company has elected to measure goodwill arising on business combination at their Previous GAAP carrying value.

(c) Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified at fair value through profit or loss based on facts and circumstances as at the date of transition to Ind AS i.e. April 01, 2018. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. April 01, 2018 and not from the date of initial recognition.

(d) Estimates

The estimates as at April 01, 2018 and March 31, 2019 are consistent with those made for the same dates in accordance with Indian GAAP except impairment of financial assets based on expected credit loss model and unquoted equity shares at fair value through profit or loss. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2018, the date of transition to Ind AS and as of March 31, 2019.

(e) Leases

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the the date of transition.

(f) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation of total equity as at March 31, 2019 and April 01, 2018

Equity reconciliation

	Notes to first time adoption	March 31, 2019	April 01, 2018
Total equity as per previous GAAP		14,129.92	11,822.97
Ind AS adjustments:			
Reversal of amortization of goodwill arising on business combination	a	1,018.40	-
Change on account of fair value adjustment of financial instruments	b	470.42	343.43
Impact of revenue recognition as per Ind AS 115	c	(495.97)	(390.38)
Impact on account of application of Ind AS 116 (net)	d	(42.77)	-
Others		(2.46)	(0.11)
Impact of above adjustments on deferred taxes	f	(331.11)	-
Total equity as per Ind AS FS		14,746.43	11,775.91



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Profit reconciliation

	Notes to first time adoption	March 31, 2019
Net profit after tax under Previous GAAP		2,134.75
Ind AS adjustments		
Reversal of amortization of goodwill arising on business combination	a	1,018.40
Change on account of fair value adjustment of financial instruments	b	126.99
Impact of revenue recognition as per Ind AS 115	c	(105.59)
Impact on account of application of Ind AS 116 (net)	d	(42.77)
Impact of fair value of ESOP	e	(95.27)
Others		(18.43)
Tax impact of above adjustments	f	(331.11)
Total adjustments		552.22
Net profit for the period		2,686.97
Other comprehensive income (net of tax)	g	(16.09)
Total Comprehensive Income as per Ind AS		2,670.88

Notes to first time adoption

a Goodwill arising on business combination

Under Previous GAAP, the Company has amortised goodwill arising on business combination over the period of 5 years. Under Ind AS, goodwill is not amortised but tested for impairment. The amortization of goodwill from April 01, 2018 to March 31, 2019 has been reversed resulting in increase in equity and profit for the year ended March 31, 2019.

b Fair value adjustments on financial instruments

Current investments - Under Previous GAAP, current investments in instruments such as mutual funds are recognized at cost or net realizable value, whichever is lower. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in Statement of profit and loss for the year ended March 31, 2019.

c Revenue from contract with customer

Under Previous GAAP, revenue was recognised on transfer of risk and rewards to the customer. Under Ind AS, revenue need to be recognised using five steps model under Ind AS 115. Accordingly, the Company has restated the amount of revenue based on completion of performance obligations upto the reporting dates.

d Leases

Under Previous GAAP, lease rentals were recognised as an expense after giving straight lining impact. Under Ind AS 116, the lessee shall recognise right of use assets and lease liabilities at the inception of lease. Right of use asset shall be depreciated over the lease period and lease liability shall be classified as financial liability and finance cost shall be charged on it for each reporting period. The above calculated amount is cumulative of depreciation on right-of-use assets, finance cost element and reversal of lease rent expenses.

e Employee stock option plan (ESOP)

Under Previous GAAP, the Company recognised only the intrinsic value for ESOP as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense has been recognised in Statement of profit and loss for the year ended March 31, 2019. Share options which were granted before and still vesting at April 1, 2018, have been recognised as a separate component of equity in ESOP reserve against retained earnings as at April 1, 2018.

f Deferred tax

The various transitional adjustments have led to temporary differences and accordingly, the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

g Actuarial loss transferred to Other Comprehensive Income

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of Statement of profit and loss. As a result of this change, profit for the year ended March 31, 2019 has increased by Rs. 16.09 lakhs. There is no impact on total equity.

h Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period unless standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the Statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans.

The concept of other comprehensive income did not exist under the Previous GAAP.



Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2020
(All amounts in rupees lakhs, unless otherwise stated)

i Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind-AS measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

40 Exceptional item for the year ended March 31, 2019 includes loss on demolition of factory building at Kochi plant amounting to Rs 30.47 lakhs.

41 World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared a national lockdown on March 24, 2020 and which has been extended from time to time. The Coronavirus is significantly impacting on business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc. The Company is monitoring the situation closely and operations are being resumed in a phased manner considering directives from the Government. The Company has evaluated its liquidity position and recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No: 324982E/E300003


per Pradeep Khandelwal
Partner
Membership number: 501160

Place: Pune
Date: July 03, 2020



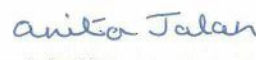
For and on behalf of the Board of Directors of
Indigo Paints Private Limited

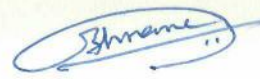

Hemant Jalan
Managing Director
DIN: 80942


Sujoy Bose
Company Secretary
A - 43755

Place: Pune
Date: July 03, 2020




Anita Jalan
Director
DIN: 85411


Chetan Humane
Chief financial officer