# Indigo Paints Private Limited

## Statutory audit for the year ended March 31, 2018

**S R B C & CO LLP**
Chartered Accountants

C - 401, 4th Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006, India
Tel : +91 20 6603 6000

## INDEPENDENT AUDITOR'S REPORT

To the Members of Indigo Paints Private Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Indigo Paints Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 (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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2018, its profit and its cash flows for the year ended on that date.

**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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

(g) 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, 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 financial statements – Refer Note 29 to the 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; and

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**S R B C & CO LLP**
Chartered Accountants



iv. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported by us.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: September 05, 2018

**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 9.1 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) The management has conducted physical verification of inventory 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, sales tax, service tax, excise duty, custom duty, value added tax, 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.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, profession tax, income-tax, sales tax, service tax, sales tax, custom duty, excise duty, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

(c) According to the information and explanations given to us, there are no dues to provident fund, employees' state insurance, profession tax, sales tax, service tax, excise duty, custom duty, value added tax, goods and service 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 | Income Tax Appellate Tribunal |
| | | 1,345,520 | FY 2010-11 & FY 2012-13 | Commissioner of Income-tax (Appeals), Cochin |
| The Central Excise Act, 1944 | Excise duty, Service tax and penalty | 1,954,063 (net of Rs. 16,155 paid under protest) | FY 2012-13 FY 2013-14 | Commissioner of Central Excise (Appeals), Cochin |

# 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 dues 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 is not applicable to the Company and hence reporting under clause 3(xi) of the Order 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.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

(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 Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: September 05, 2018

**Annexure 2 referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report on 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")**

To the Members of Indigo Paints Private Limited

We have audited the internal financial controls over financial reporting of Indigo Paints Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 Act.

**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 Act, 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 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 system over financial reporting with reference to these 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 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 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 system over financial reporting with reference to these financial statements.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

**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 financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, an adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, 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 Tridevlal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: September 05, 2018

**Indigo Paints Private Limited**
**Balance sheet as at March 31, 2018**
**(All amounts in Rupees, unless otherwise stated)**

| | Note | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 468,977,700 | 468,977,700 |
| Reserves and surplus | 4 | 713,319,337 | 687,619,391 |
| | | 1,182,297,037 | 1,156,597,091 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | 89,128,529 | 82,400,556 |
| Long-term provisions | 6 | - | 4,125,116 |
| Other long-term liabilities | 8 | 17,891,012 | - |
| | | 107,019,541 | 86,525,672 |
| **Current liabilities** | | | |
| Short-term borrowings | 7 | 226,375,866 | 254,816,320 |
| Trade payables | 8 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 87,908,647 | 69,259,213 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,039,998,062 | 777,639,891 |
| Other current liabilities | 8 | 148,774,364 | 110,025,476 |
| Short-term provisions | 6 | 1,458,157 | 6,811,099 |
| | | 1,504,515,096 | 1,218,591,999 |
| **TOTAL** | | 2,793,831,674 | 2,461,714,762 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Property, plant and equipment | 9.1 | 639,112,302 | 498,919,496 |
| Intangible assets | 9.2 | 310,365,149 | 412,525,944 |
| Capital work-in-progress | | 24,630,152 | 23,100,126 |
| Deferred tax assets (net) | 10 | - | - |
| Loans and advances | 11 | 33,641,697 | 9,020,903 |
| Other non-current assets | 14.2 | 20,858,778 | 95,000 |
| | | 1,028,608,078 | 943,661,469 |
| **Current assets** | | | |
| Current investments | 12 | 150,000,000 | 154,999,850 |
| Inventories | 13 | 507,648,070 | 475,391,807 |
| Trade receivables | 14.1 | 1,040,652,424 | 784,699,593 |
| Cash and bank balances | 15 | 46,438,448 | 77,111,413 |
| Loans and advances | 11 | 20,484,654 | 21,766,609 |
| Other current assets | 14.2 | - | 4,084,021 |
| | | 1,765,223,596 | 1,518,053,293 |
| **TOTAL** | | 2,793,831,674 | 2,461,714,762 |

Summary of significant accounting policies 2.1

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

per Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: September 5, 2018

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

Hemant Jalan
Managing Director
DIN: 80942

Place: Pune
Date: September 5, 2018

SUJOY BOSE
COMPANY SECRETARY
A-43755

Anita Jalan

Anita Jalan
Director
DIN: 85411

Place: Pune
Date: September 5, 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE

**Indigo Paints Private Limited**
**Statement of profit and loss for the year ended March 31, 2018**
**(All amounts in Rupees, unless otherwise stated)**

| | Note | March 31, 2018 | March 31, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (gross of discounts and excise) | | 4,431,223,351 | 3,532,957,577 |
| Less: discounts | | 249,624,073 | 207,328,187 |
| Less: excise duty | | 64,039,653 | 458,083,724 |
| **Revenue from operations (net)** | 16.1 | 4,117,559,625 | 2,867,545,666 |
| Other operating revenue (net) | 16.2 | 20,455,139 | 24,565,320 |
| Other income | 17 | 4,601,558 | 10,963,508 |
| **Total revenue** | | 4,142,616,322 | 2,903,074,494 |
| **Expenses** | | | |
| Cost of raw material and components consumed | 18 | 2,216,198,511 | 1,680,161,115 |
| Purchase of traded goods | 19 | 55,695,229 | 64,706,205 |
| Decrease/(increase) in inventories of finished goods and traded goods | 19 | 29,133,477 | (119,888,699) |
| Employee benefits expense | 20 | 292,932,488 | 236,936,165 |
| Depreciation and amortization expense | 21 | 170,070,475 | 140,703,309 |
| Finance costs | 22 | 38,073,960 | 26,614,689 |
| Other expenses | 23 | 1,304,736,282 | 1,049,655,923 |
| **Total expenses** | | 4,106,840,422 | 3,078,888,707 |
| **Profit/(loss) before tax and exceptional item** | | 35,775,900 | (175,814,213) |
| Exceptional item (refer note 40) | | 13,156,759 | - |
| **Profit/(loss) before tax** | | 22,619,141 | (175,814,213) |
| Tax expenses | | | |
| - Current tax | | - | - |
| - MAT credit entitlement written off | | - | 2,722,019 |
| - Deferred tax reversal | | - | (19,848,286) |
| - Adjustment of tax relating to earlier periods | | (3,083,022) | - |
| **Total tax benefit** | | (3,083,022) | (17,126,267) |
| **Profit/(loss) for the year** | | 25,702,163 | (158,687,946) |
| **Earnings per equity share (nominal value of equity share Rs.10 (March 31, 2017: Rs.10)** | 24 | | |
| Computed on the basis of profit/(loss) for the year | | | |
| - Basic | | 0.90 | (5.55) |
| - Diluted | | 0.57 | (5.55) |

Summary of significant accounting policies 2.1

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

per Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: September 5, 2018

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

Sujoy Bose
Company Secretary
A-43755

Hemant Jalan
Managing Director
DIN: 80942

Place: Pune
Date: September 5, 2018

Anita Jalan
Anita Jalan
Director
DIN: 85411

Place: Pune
Date: September 5, 2018

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE *

**Indigo Paints Private Limited**
**Cash Flow Statement for the year ended March 31, 2018**
**(All amounts in Rupees, unless otherwise stated)**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net profit/(loss) before tax and exceptional item | 22,639,141 | (175,814,233) |
| Adjustment to reconcile profit/(loss) before tax to net cash flow: | | |
| Depreciation and amortization expense | 170,070,475 | 140,703,309 |
| Provision for doubtful debts /bad debts written off | 9,571,268 | 5,199,830 |
| Gain on sale of fixed assets (net) | - | (380,000) |
| Fixed assets - written off (including assets destroyed by fire) | 13,156,759 | - |
| Interest expense | 38,973,960 | 76,614,689 |
| Interest income | (1,764,794) | (4,565,412) |
| Dividend income | (391,854) | (1,144,013) |
| **Operating profit/(loss) before working capital changes** | 251,334,955 | (9,385,810) |
| Movement in working capital: | | |
| Increase in trade payables and other liabilities | 322,409,172 | 107,326,487 |
| (Decrease) in provisions | (6,451,753) | (300,955) |
| (Increase) in trade receivables | (205,524,099) | (189,034,187) |
| (Increase) in inventories | (37,256,263) | (158,067,774) |
| Decrease/(increase) in loans and advances | 1,284,253 | (8,867,240) |
| Cash from/(used in) operations | 270,796,265 | (258,325,483) |
| Direct taxes paid | (419,113) | (441,858) |
| **Net cash flow from/(used in) operating activities (A)** | 270,377,152 | (258,767,341) |
| **Cash flows from investing activities** | | |
| Purchase of fixed assets including movement in CWIP, capital advances and capital creditors | (248,148,958) | (97,406,671) |
| Proceeds from sale of fixed assets | 405,256 | 16,660,406 |
| Sale of current investments | 4,999,850 | 199,076,793 |
| Proceeds from bank deposits (having original maturity of more than three months) | 9,940,068 | 29,856,077 |
| Interest received | 5,085,037 | 3,241,791 |
| Dividends received on mutual funds | 391,854 | 1,144,013 |
| **Net cash flow (used in)/from investing activities (B)** | (227,326,873) | 152,572,409 |
| **Cash flows from financing activities** | | |
| Proceeds from long-term borrowings | 23,634,831 | 16,571,439 |
| (Repayments)/ proceeds from short-term borrowings (net) | (28,460,454) | 55,029,418 |
| Interest paid | (38,957,353) | (25,731,096) |
| **Net cash flow (used in)/from financing activities (C)** | (43,783,176) | 45,869,761 |
| **Net increase in cash and cash equivalents (A + B + C)** | (732,897) | (60,325,171) |
| Cash and cash equivalents at the beginning of the year | 46,967,490 | 30,126,567 |
| On account of Amalgamation Pursuant to High court order (refer note 41) | - | 77,166,094 |
| **Cash and cash equivalents at the end of the year** | 46,234,593 | 46,967,490 |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 934,108 | 2,190,347 |
| Balances with banks | | |
| - On current accounts | 45,300,485 | 44,777,143 |
| **Total cash and cash equivalents (refer note 15)** | 46,234,593 | 46,967,490 |

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 Tridevlal Khandelwal
Partner
Membership No.: 501160

Place: Pune
Date: September 5, 2018

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

Hemant Jalan
Managing Director
DIN: 80942

Place: Pune
Date: September 5, 2018

SUJOY BOSE
COMPANY SECRETARY
A-43755

Anita Jalan
Director
DIN: 85411

Place: Pune
Date: September 5, 2018

Scanned by CamScanner

**1.1) Corporate information**

Indigo Paints Private Limited ("the Company") is a private limited company domiciled in India. The Company is engaged in manufacture and sale of decorative paints and operates with its manufacturing facilities in Jodhpur (Rajasthan), Rabia (Jharkhand), Kochi (Kerala) and Pudukkottai (Tamil Nadu). The CIN of the Company is U24114PN2000PTC014669.

**2) Basis of preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ("the Act"), read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1) Summary of significant accounting policies**

**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Property, plant and equipment**

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**(c) Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment is calculated using straight line method using the rates arrived at based on the useful lives as prescribed under Schedule II to the Act. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Company has used the following rates to provide depreciation on its property, plant and equipment.

| Assets | Useful lives prescribed in Schedule II of the Act (years) |
|---|---|
| Factory building | 30 |
| Office building | 60 |
| Plant and machinery | 3 to 15 |
| Furniture and fixture | 10 |
| Electrical installation and equipment | 10 |
| Office equipments | 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 management has estimated, supported by internal technical evaluation, the useful life of certain plant Plant and machinery to be less than those indicated in Schedule II of the Act.

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.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE *

**(d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

*Technical know how*

Technical know how fees is amortized over its useful life of five years.

*Computer software*

Software licenses without useful economic life are charged off to the Statement of profit and loss in the year of purchase. Softwares with perpetual licenses are capitalized and the cost is amortised on a straight line method over a period of ten years.

*Goodwill arising on amalgamation*

Goodwill arising on amalgamation is accounted in accordance with AS-14, Accounting for Amalgamations, and is amortised over a period of five years.

**(e) Leases**

*– Where the Company is a lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

*– Where the Company is a lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of profit and loss.

**(f) Borrowing costs**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(g) Impairment of fixed 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) net selling price 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering 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.

*(This space is intentionally left blank)*

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE

**(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.

**(i) Inventories**

Raw materials and components are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on weighted average basis.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

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

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

**(j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Goods and Service Tax (GST), sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty, where applicable, is deducted from revenue (gross) and is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

*Deferred Income*

Deferred Income on Tinting machines: The Company amortizes the payment received from the customers against the tinting machines over a period of four year, which approximates the life of the tinting machines.

*Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of profit and loss.

*Dividends*

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

**(k) Foreign currency translation**

***(i) Initial recognition***

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

***(ii) Conversion***

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

***(iii) Exchange differences***

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

S R B C & CO LLP
CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT LTD
PUNE

**(l) Retirement and other employee benefits**

Retirement benefits in the form of provident fund is defined contribution schemes. The contributions are charged to the Statement of profit and loss when the contribution to the respective fund is made. The Company has no obligation, other than the contribution payable to provident fund.

The Company operates one defined benefit plan for its employees, viz gratuity. The cost of providing benefit under these plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the Statement of profit and loss.

**(m) Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the 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 in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**(n) Segment reporting**

*Identification of segments:*

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analyzed separately. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Segment accounting policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(o) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**(p) Provisions**

A provision is recognized when the Company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

INDIGO PAINTS PVT. LTD. ★ PUNE

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

**(q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(r) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(s) Employee stock compensation cost**

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

In accordance with the Guidance Note on Accounting for Employee Share-based payments issued by Institute of Chartered Accountants of India (ICAI), the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized 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 recognized in the Statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increase the total intrinsic value of share-based payment transaction, or otherwise beneficial to the employee as measured at the date of modification.

*(This space is intentionally left blank)*

S.R.B.C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT LTD * PUNE *

**3. Share capital**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Authorised shares (No.)** | | |
| 43,000,000 (March 31, 2017: 43,000,000) equity shares of Rs. 10 each | 430,000,000 | 430,000,000 |
| 3,250 (March 31, 2017: 3,250) Class A1 equity shares of Rs. 10 each | 32,500 | 32,500 |
| 3,250 (March 31, 2017: 3,250) Class A2 equity shares of Rs. 10 each | 32,500 | 32,500 |
| 247,355 (March 31, 2017: 247,355) 0.001% compulsory convertible cumulative preference shares (CCCPS) of Rs.100 each | 24,735,500 | 24,735,500 |
| 15,830,950 (March 31, 2017: 15,830,950) 0.001% compulsory convertible cumulative preference shares (CCCPS) of Rs. 10 each | 158,309,500 | 158,309,500 |
| 2,000,000 (March 31, 2017: 2,000,000) redeemable preference shares of Rs. 10 each | 20,000,000 | 20,000,000 |
| **Issued, subscribed and fully paid-up shares (No.)** | | |
| 28,587,000 (March 31, 2017: 28,587,000) equity shares of Rs. 10 each | 285,870,000 | 285,870,000 |
| 3,250 (March 31, 2017: 3,250) Class A1 equity shares of Rs. 10 each | 32,500 | 32,500 |
| 3,250 (March 31, 2017: 3,250) Class A2 equity shares of Rs. 10 each | 32,500 | 32,500 |
| 69,904 (March 31, 2017: 69,904) series A1 fully and 0.001% compulsorily convertible cumulative preference shares ("CCCPS") of Rs 100 each | 6,990,400 | 6,990,400 |
| 46,586 (March 31, 2017: 46,586) series A2 fully and 0.001% compulsorily convertible cumulative preference shares ("CCCPS") of Rs 100 each | 4,658,600 | 4,658,600 |
| 130,865 (March 31, 2017: 1,30,865) series B fully and 0.001% compulsorily convertible cumulative preference shares ("CCCPS") of Rs 100 each | 13,086,500 | 13,086,500 |
| 15,830,720 (March 31, 2017: 15,830,720) series C fully and 0.001% compulsorily convertible cumulative preference shares ("CCCPS") of Rs 10 each | 158,307,200 | 158,307,200 |
| **Total share capital** | 468,977,700 | 468,977,700 |

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

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount |
| **Equity shares** | | | | |
| At the beginning of the year | 28,593,500 | 285,935,000 | 439,900 | 4,399,000 |
| Issued during the year | - | - | 28,153,600 | 281,536,000 |
| **Outstanding at the end of the year** | 28,593,500 | 285,935,000 | 28,593,500 | 285,935,000 |
| **Preference shares** | | | | |
| At the beginning of the year | 16,078,075 | 183,042,700 | 247,355 | 24,735,500 |
| Issued during the year | - | - | 15,830,720 | 158,307,200 |
| **Outstanding at the end of the year** | 16,078,075 | 183,042,700 | 16,078,075 | 183,042,700 |
| Total | | 468,977,700 | | 468,977,700 |

**b) Terms/rights attached to equity shares**

The Company has only three class 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 based on the then 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 class 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.

*(This space is intentionally left blank)*

SRBC & CO LLP * CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT. LTD. PUNE

Scanned by CamScanner

**c) Terms of conversion/ redemption of CCCPS**

During the previous year ended March 31, 2017, the Company issued 15,830,720 series C CCCPS of Rs. 10 as bonus shares by way of capitalisation of securities premium. 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. 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 then in effect, 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.

The CCCPS shall be converted into equity shares at the conversion price based on an initial conversion price as adjusted from time to time which is to be determined at the time of conversion.

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 applicable 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.

**d) 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:**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Equity shares allotted as fully paid bonus shares by capitalization of securities premium | 28,147,200 | 28,147,200 |
| Class A1 equity shares allotted as fully paid bonus shares by capitalization of securities premium | 3,200 | 3,200 |
| Class A2 equity shares allotted as fully paid bonus shares by capitalization of securities premium | 3,200 | 3,200 |
| Preference shares allotted as fully paid bonus shares by capitalization of securities premium | 15,830,720 | 15,830,720 |

**e) Details of shareholding more than 5% shares in the Company**

| Name of the shareholder | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Nos. | % holding | Nos. | % holding |
| **Equity shares of Rs. 10 each fully paid** | | | | |
| Hemant Jalan | 10,237,500 | 35.81% | 10,237,500 | 35.81% |
| Anita Jalan | 6,987,500 | 24.44% | 6,987,500 | 24.44% |
| Kamalaprasad Jalan | 1,657,500 | 5.80% | 1,657,500 | 5.80% |
| Taradevi Jalan | 1,891,045 | 6.62% | 1,891,045 | 6.62% |
| Parag Jalan | 1,625,000 | 5.68% | 1,625,000 | 5.68% |
| Halogen Chemicals Private Limited - India | 4,958,070 | 17.34% | 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% |
| **Class A2 Equity shares of Rs. 10 each fully paid** | | | | |
| Sequoia Capital India Investments IV - Mauritius | 3,250 | 100.00% | 3,250 | 100.00% |
| **Series A1 CCCPS of Rs. 100 each fully paid** | | | | |
| Sequoia Capital India Investments IV - Mauritius | 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% |
| **Series B CCCPS of Rs. 100 each fully paid** | | | | |
| SCI Investments V - Mauritius | 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% |
| SCI Investments V - Mauritius | 8,375,360 | 52.91% | 8,375,360 | 52.91% |

As per records of the Company, including its register of the shareholders members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

(INDIGO) PAINTS PVT LTD * PUNE

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

**4. Reserves and surplus**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Securities premium account** | | |
| Balance as per last financial statements | 935,416,795 | 1,375,259,995 |
| Less: amounts utilised toward issue of fully paid bonus shares | - | (439,841,200) |
| **Closing balance** | 935,416,795 | 935,416,795 |
| | | |
| **General reserve** | | |
| Balance as per last financial statements | 4,378,023 | 4,378,023 |
| **Closing balance** | 4,378,023 | 4,378,023 |
| | | |
| **Employee stock options outstanding** | | |
| Gross employee stock compensation for options granted in earlier years | - | - |
| Add: gross compensation for options granted during the year (refer note 37) | - | - |
| **Closing balance** | - | - |
| | | |
| **Deficit in the Statement of profit and loss** | | |
| Balance as per last financial statements | (252,175,427) | (93,485,285) |
| Profit/(loss) for the year | 25,702,165 | (158,687,946) |
| Less: Dividend on preference shares | (1,830) | (1,830) |
| Less: Tax on preference dividend | (387) | (366) |
| **Net deficit in the statement of profit and loss** | (226,475,481) | (252,175,427) |
| **Total reserves and surplus** | 713,319,337 | 687,619,391 |

**5. Long - term borrowings**

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Term loans (secured)** | | | | |
| Indian Rupee loan from bank | 86,502,681 | 79,837,214 | 41,900,220 | 25,169,231 |
| **Other loans (secured)** | | | | |
| Loan against movable assets | 2,625,848 | 2,563,342 | 878,478 | 702,601 |
| | 89,128,529 | 82,400,556 | 42,778,698 | 25,871,832 |
| Amount disclosed under the head "other current liabilities" (refer note 8) | - | - | 42,778,698 | 25,871,832 |
| **Total long-term borrowings** | 89,128,529 | 82,400,556 | - | - |

**a. Term loan**

India Rupee loan from bank comprises of 5 term loans having interest in the range of 9.50% p.a. to 9.85% p.a. (March 31, 2017: 11.25% p.a. to 9.85%). Term loans 1 to 3 taken from Federal Bank are secured by hypothecation of land and building at SIPCOT Industrial Estate, Tamil Nadu and movable plant & machinery and Term loans 4 to 5 taken from HDFC Bank are secured by hypothecation of land in SY No 1120/1D3 & 130/1D3 of Thrikkakkara North Village in Major Industrial Estate Kalamassery and land and building at F-910 & 911 RIICO Industrial Area, Phase IV, Boranada, Jodhpur, Rajasthan and movable plant & machinery. The loan amount and repayment schedule of each loan is given below:

i. Term loan 1 - Rs. 65 million repayable in 60 equal monthly instalments till March 2020
ii. Term loan 2 - Rs. 25 million repayable in 60 equal monthly instalments till March 2020
iii. Term loan 3 - Rs. 62 million repayable in 65 equal monthly instalments beginning from November 2017
iv. Term loan 4 - Rs. 7.90 million repayable in 60 equal monthly instalments till January 2023 commencing from August 2018
v. Term loan 5 - Rs. 22.5 million repayable in 60 equal monthly instalments till January 2023 commencing from August 2018

b. The loans against movable assets hypothecated for vehicles carries an interest rate in the range of 8.90% p.a. to 9.34% p.a.. Loans are repayable in 60 equal monthly instalments till June 2021 and February 2023.

SRBC & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE

## 6. Provisions

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Provision for employee benefits** | | | | |
| Provision for gratuity (refer note 25) | - | 4,125,116 | 1,453,363 | 3,700,000 |
| **Other provisions** | | | | |
| Provision for taxation (net of advance tax) | - | - | - | 3,048,522 |
| Proposed CCCPS dividend | - | - | 3,977 | 2,147 |
| Provision for tax on preference dividend | - | - | 817 | 430 |
| **Total provisions** | - | 4,125,116 | 1,458,157 | 6,831,099 |

## 7. Short-term borrowings - (secured)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Cash credit from banks | 162,244,924 | 183,967,683 |
| Working capital demand loan | 55,457,781 | 55,472,245 |
| Packing credit in foreign currency | 8,673,161 | 15,396,392 |
| **Total short-term borrowings** | 226,375,866 | 254,836,320 |

Cash credit facilities from bank carries interest in the range of 9.45% 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, land and building at F910 & 911 & G904 to G906, RIICO Industrial Area, Phase IV, Boranada, Jodhpur and charge on plant and machinery of the Company, and lien on fixed deposit of Rs. 20,000,000. Additional charge on Mutual fund investments of the Company.

Working capital demand loan from bank carries interest of 9.85% p.a. (March 31, 2017: in the range of 11% to 9.85% p.a. (1 year MCLR + 0.95%)). The loan is secured by hypothecation of inventory and trade receivables, both present and future, of the Company. The loan is repayable within 12 months.

Packing credit loan carries interest at 6 M Libor + 300 bps. The loan is secured by way of hypothecation of inventory meant for export.

Term loan, cash credit facilities, working capital demand loan and packing credit in foreign currency is collaterally secured by hypothecation of land and building at SY No 1326/1193 & 1301/1193 of Thrikkakkara North Village in Major Industrial Estate, Kalamassery, Kerala and additional charge on leasehold land and building at SIPCOT Industrial Estate, Pudukottai, Tamil Nadu and all Plant and Machinery, other movable assets at Kalamassery and Pudukottai along with all current assets (both present and future) of the Company.

## 8. Trade payables and other liabilities

| | Non-Current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Trade payables - total outstanding dues to: | | | | |
| - micro and small enterprises (refer note 32) | - | - | 87,908,647 | 69,259,213 |
| - creditors other than micro and small enterprises | - | - | 1,039,998,062 | 777,639,891 |
| | - | - | 1,127,906,709 | 846,899,104 |
| **Other liabilities** | | | | |
| Payable for property, plant and equipment | - | - | - | 784,937 |
| Current maturities of long-term borrowings (refer note 5) | - | - | 42,778,690 | 25,871,832 |
| Interest accrued and due on borrowings | - | - | - | 883,593 |
| Advance from customers | - | - | 16,547,292 | 6,236,651 |
| Interest-free refundable security deposits | - | - | 3,700,000 | 3,700,000 |
| Deferred revenue (interest-free customer balances)(Also refer note 9 and 16.2) | 17,891,012 | - | 1,190,306 | - |
| Statutory dues payables * | - | - | 85,558,166 | 72,549,066 |
| | 17,891,012 | - | 148,774,364 | 110,025,476 |
| **Total trade payables and other liabilities** | 17,891,012 | - | 1,276,681,073 | 956,924,580 |

* includes payable on account of with-holding tax, goods and service tax, entry tax, VAT, CST, profession tax, provident fund, employees state insurance etc.

SRBC & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE *

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

5.1 Property, plant and equipment

| Particulars | Freehold land (refer note (ii)) | Leasehold land (refer note (ii)) | Building (refer note (ii)) | Plant and machinery (refer note (i)) | Furniture and fixtures | Office equipment | Leasehold improvements | Electrical installations and equipments | Computers and peripherals | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | | | |
| At April 1, 2016 | [illegible] | - | [illegible] | [illegible] | [illegible] | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| On account of amalgamation pursuant to NCLT order (refer note 35) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Additions | - | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Disposals | [illegible] | - | [illegible] | [illegible] | - | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| At March 31, 2017 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Additions | - | - | [illegible] | [illegible] | [illegible] | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Disposals/ write off | - | - | [illegible] | [illegible] | [illegible] | [illegible] | - | [illegible] | [illegible] | - | [illegible] |
| Adjustments | - | - | [illegible] | [illegible] | - | - | - | [illegible] | [illegible] | - | [illegible] |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Depreciation | | | | | | | | | | | |
| At April 1, 2016 | - | - | [illegible] | [illegible] | [illegible] | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Charge for the year | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Disposals | - | - | [illegible] | [illegible] | - | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| At March 31, 2017 | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Charge for the year | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Disposals/ write off | - | - | [illegible] | [illegible] | [illegible] | [illegible] | - | [illegible] | [illegible] | - | [illegible] |
| Adjustments | - | - | [illegible] | [illegible] | - | - | - | [illegible] | [illegible] | - | [illegible] |
| At March 31, 2018 | - | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Net block | | | | | | | | | | | |
| At March 31, 2017 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

5.2 Intangible assets

| Particulars | Goodwill | Computer software | Total |
|---|---|---|---|
| Gross block | | | |
| At April 1, 2016 | - | [illegible] | [illegible] |
| On account of amalgamation pursuant to NCLT order (refer note 35) | [illegible] | [illegible] | [illegible] |
| Additions | - | [illegible] | [illegible] |
| Disposals/ write off | - | - | - |
| At March 31, 2017 | [illegible] | [illegible] | [illegible] |
| Additions | - | [illegible] | [illegible] |
| Disposals/ write off | - | - | - |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] |
| Amortisation | | | |
| At April 1, 2016 | - | [illegible] | [illegible] |
| Charge for the year | [illegible] | [illegible] | [illegible] |
| Disposals | - | - | - |
| At March 31, 2017 | [illegible] | [illegible] | [illegible] |
| Charge for the year | [illegible] | [illegible] | [illegible] |
| Disposals/ write off | - | - | - |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] |
| Net block | | | |
| At March 31, 2017 | [illegible] | [illegible] | [illegible] |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] |

Note

i. Plant and machinery includes Tinting machines installed at customers location. [illegible]

The carrying value of such assets are as follow:

| Particulars | Cost | Accumulated depreciation | Net |
|---|---|---|---|
| At March 31, 2017 | - | - | - |
| At March 31, 2018 | [illegible] | [illegible] | [illegible] |

ii. With respect to immovable properties aggregating Rs. [illegible] (March 31, 2017: Rs. [illegible]) acquired under Scheme of Amalgamation, registration of title deeds is in progress. Subsequent to the year ended March 31, 2018, the Company has received the transfer orders from appropriate authorities.

Scanned by CamScanner

## 10. Deferred tax assets (net)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Deferred tax liability** | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting | 44,995,472 | 44,008,161 |
| Others | 7,132,127 | - |
| **Gross deferred tax liability** | **52,127,599** | **44,008,161** |
| | | |
| **Deferred tax asset** | | |
| Impact of expenditure charged to the Statement of profit and loss in the current year but allowed for tax purposes on payment basis | 3,293,528 | 7,153,563 |
| Provision for doubtful debts and advances | 3,090,000 | 1,758,093 |
| Others | 2,089,883 | 4,396,373 |
| Impact of unabsorbed depreciation and business loss (To the extent of liabilities) | 41,654,187 | 30,700,132 |
| **Gross deferred tax asset** | **52,127,599** | **44,008,161** |
| **Net deferred tax asset** | - | - |

## 11. Loans and advances

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| | | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Capital advances** | | | | | |
| Unsecured, considered good | | 24,183,385 | 2,461,347 | - | - |
| | (A) | 24,183,385 | 2,461,347 | - | - |
| **Security deposits** | | | | | |
| Unsecured, considered good | | 6,879,536 | 5,264,359 | 2,511,852 | 2,741,189 |
| | (B) | 6,879,536 | 5,264,359 | 2,511,852 | 2,741,189 |
| **Advances recoverable in cash or kind** | | | | | |
| Unsecured, considered good | | - | - | 9,726,137 | 2,971,503 |
| | (C) | - | - | 9,726,137 | 2,971,503 |
| **Other loans and advances** | | | | | |
| Advance income-tax (net of provision for taxation) | | 1,737,428 | 1,283,815 | - | - |
| Prepaid expenses | | 841,348 | 11,382 | 7,727,834 | 4,351,466 |
| Balance with statutory/government authorities | | - | - | 468,831 | 11,702,451 |
| | (D) | 2,578,776 | 1,295,197 | 8,156,665 | 16,053,917 |
| **Total loans and advances (A+B+C+D)** | | 33,641,697 | 9,020,903 | 20,454,654 | 21,766,609 |

*(This space is intentionally left blank)*

SSBC & CO LLP * CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT. LTD. PUNE

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

## 12. Current investments

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Quoted investments (Valued at lower of cost and fair value, unless stated otherwise)** | | |
| Investments in mutual funds (refer note 12 (a)) | 150,000,000 | 154,999,850 |
| **Total current investments** | **150,000,000** | **154,999,850** |
| **Aggregate market value of quoted investments** | **184,343,313** | **177,717,633** |

### a) Details of quoted investments

| | Face value | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|---|
| | | Units | Value | Units | Value |
| HDFC Short Term Plan-Growth | 10 | 1,069,572 | 30,000,000 | 1,069,572 | 30,000,000 |
| Birla SL - ST Opportunities Fund Reg (G) | 10 | 1,271,240 | 30,000,000 | 1,271,240 | 30,000,000 |
| ICICI Pru - Regular Savings Fund Reg (G) | 10 | 1,974,250 | 30,000,000 | 1,974,250 | 30,000,000 |
| Franklin - India Income Oppt Fund (G) | 10 | 1,796,264 | 30,000,000 | 1,796,264 | 30,000,000 |
| L&T - Income Opportunities Fund (G) | 10 | 1,861,550 | 30,000,000 | 1,861,550 | 30,000,000 |
| DSP BlackRock Banking and PSU Debt Fund - Reg - (G) | 10 | - | - | 283,887 | 4,999,850 |
| **Total quoted investments** | | | **150,000,000** | | **154,999,850** |

* includes Rs.60,000,000 (March 31, 2017: Rs Nil) pledged against overdraft and Rs. 150,000,000 (March 31, 2017: Rs. Nil) as secondary collateral against term loan from HDFC Bank

*(This space is intentionally left blank)*

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

## 13. Inventories (valued at lower of cost and net realisable value)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Raw materials and components | 204,035,549 | 142,645,809 |
| Finished goods | 289,291,341 | 322,117,604 |
| Traded goods | 14,321,180 | 10,628,394 |
| **Total inventories** | 507,648,070 | 475,391,807 |

## 14.1 Trade receivables

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Outstanding for a period exceeding six months from the date they are due for payment** | | |
| Unsecured, considered good | 24,098,196 | 29,609,520 |
| Doubtful | 10,000,000 | 5,689,621 |
| | 34,098,196 | 35,299,141 |
| Provision for doubtful receivables | (10,000,000) | (5,689,621) |
| | 24,098,196 | 29,609,520 |
| **Others receivables** | | |
| Unsecured, considered good | 1,816,554,228 | 755,090,073 |
| | 1,816,554,228 | 755,090,073 |
| **Total trade receivables** | 1,840,652,424 | 784,699,593 |

## 14.2 Other assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Non-current bank balances (refer note 15) | 20,095,000 | 95,000 | - | - |
| Interest accrued on fixed deposits | 763,778 | - | - | 4,084,921 |
| **Total other assets** | 20,858,778 | 95,000 | - | 4,084,921 |

## 15. Cash and bank balances

| | Non-current | | Current | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| **Cash and cash equivalents** | | | | |
| Balances with banks | | | | |
| - On current account | - | - | 45,300,485 | 44,777,143 |
| Cash on hand | - | - | 934,108 | 2,190,347 |
| | - | - | 46,234,593 | 46,967,490 |
| **Other bank balances** * | | | | |
| - Deposits with remaining maturity of less than twelve months | - | - | 203,855 | 30,143,923 |
| - Deposits with remaining maturity of more than twelve months | 20,095,000 | 95,000 | - | - |
| | 20,095,000 | 95,000 | 203,855 | 30,143,923 |
| Amount disclosed under non-current assets (refer note 14.2) | (20,095,000) | (95,000) | - | - |
| **Total cash and bank balances** | - | - | 46,438,448 | 77,111,413 |

* Includes Rs. 20,000,000 (March 31, 2017: Rs 20,000,000) pledged against short-term borrowings.

(This space is intentionally left blank)

SRBC & CO LLP * CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT. LTD. * PUNE

Scanned by CamScanner

## 16.1. Revenue from operations

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **Revenue from operations (net)** | | |
| Sale of manufactured goods | 4,058,786,025 | 2,832,136,703 |
| Sale of traded goods | 58,773,600 | 35,408,963 |
| **Revenue from operations (net)** | 4,117,559,625 | 2,867,545,666 |

Excise duty on sales amounting to Rs. 64,039,653 (March 31, 2017: Rs. 458,083,724) has been reduced from sales in Statement of profit and loss and excise duty on (decrease) / increase in inventory amounting to Rs. Nil (March 31, 2017: Rs. 2,894,450) has been considered as expense in note 23 of financial statements. The amount of Rs. (36,351,737) represents reversal of excise duty calculated on the opening stock of inventory. No excise duty liability has been recognised on closing stock owing to introduction of goods and service tax replacing excise duty with effect from July 1, 2017.

Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended March 31, 2018 is not with comparable March 31, 2017.

## 16.2. Other operating revenue

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Scrap sales | 17,678,290 | 16,525,203 |
| Tinting machine | - | 8,040,117 |
| Amortisation of deferred income (also refer note 8 and 21) | 2,776,849 | - |
| **Other operating revenue (net)** | 20,455,139 | 24,565,320 |

### Details of products sold

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Paints and others | 4,058,786,025 | 2,832,136,703 |
| | 4,058,786,025 | 2,832,136,703 |

### Traded goods sold

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Stainers and machine colourant | 58,773,600 | 21,242,967 |
| Paints and others | - | 14,165,996 |
| | 58,773,600 | 35,408,963 |

## 17. Other income

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Interest income on bank deposits | 1,564,794 | 4,565,412 |
| Dividend income on current investments | 391,854 | 1,144,013 |
| Profit on sale of fixed assets (net) | - | 380,000 |
| Foreign exchange differences (net) | 1,034,032 | 862,890 |
| Liabilities/provisions no longer required written back | - | 3,119,043 |
| Miscellaneous income | 1,410,878 | 892,150 |
| **Total other income** | 4,401,558 | 10,963,508 |

## 18. Cost of raw material and components consumed

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Inventory at the beginning of the year | 142,645,809 | 38,377,640 |
| Add: On account of amalgamation (refer note 39) | - | 66,093,094 |
| Add: purchases | 2,277,588,251 | 1,718,336,190 |
| | **2,420,234,060** | **1,822,806,924** |
| Less: inventory at the end of the year | 204,035,549 | 142,645,809 |
| **Cost of raw materials and components consumed** | 2,216,198,511 | 1,680,161,115 |

### Details of cost of raw material and components consumed

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Binders | 396,404,949 | 275,013,252 |
| Fillers | 181,776,131 | 134,882,504 |
| Packing materials | 361,470,063 | 236,523,852 |
| Others | 1,276,547,368 | 1,033,741,507 |
| | 2,216,198,511 | 1,680,161,115 |

Indigo Paints Private Limited
Notes to financial statements for the year ended March 31, 2018
(All amounts in Rupees, unless otherwise stated)

**19. Decrease/(increase) in inventories of finished goods and traded goods**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Inventories at the end of the year | | |
| Finished goods | 289,291,341 | 322,117,604 |
| Traded goods | 14,321,180 | 10,628,394 |
| | 303,612,521 | 332,745,998 |
| Inventories at the beginning of the year | | |
| Finished goods | 322,117,604 | 103,195,776 |
| Traded goods | 10,628,394 | 8,019,230 |
| | 332,745,998 | 111,215,006 |
| Adjustment on account of amalgamation (refer note 39) | | |
| Finished goods | - | 101,642,293 |
| | | 101,642,293 |
| **Total decrease/(increase) in inventories of finished goods and traded goods** | 29,133,477 | (119,888,699) |

**Details of purchases of traded goods**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Purchase of tinting machine | - | 26,688,078 |
| Purchase of tinter / machine colourant | 55,695,229 | 38,018,127 |
| | 55,695,229 | 64,706,205 |

**20. Employee benefits expense**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Salaries, wages and bonus | 280,627,161 | 218,386,579 |
| Contribution to provident and other funds | 7,165,409 | 7,561,297 |
| Gratuity (income) / expense (refer note 25) | (678,512) | 6,808,638 |
| Staff welfare expenses | 5,814,430 | 4,179,651 |
| **Total employee benefits expense** | 292,932,488 | 236,936,165 |

**21. Depreciation and amortization expense**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Depreciation on property, plant and equipment (refer note 9.1) | 67,452,180 | 38,115,769 |
| Amortization of intangible assets (refer note 9.2) | 102,615,295 | 102,587,540 |
| **Total depreciation and amortization expense** | 170,078,475 | 140,703,309 |

**22. Finance costs**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Interest expense | 38,073,960 | 26,614,689 |
| **Total finance costs** | 38,073,960 | 26,614,689 |

**23. Other expenses**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Consumption of stores and spares | 12,925,290 | 10,918,765 |
| Contract labour charges | 34,738,567 | 26,923,989 |
| Power and fuel | 10,633,553 | 14,761,630 |
| Freight and forwarding charges | 437,654,482 | 323,071,365 |
| (Decrease)/ increase in excise duty on inventories of finished goods | (16,351,737) | 7,804,430 |
| Rent (refer note 26) | 33,401,335 | 24,371,933 |
| Rates and taxes | 4,485,739 | 13,882,233 |
| Insurance expenses | 928,977 | 2,241,446 |
| Repairs and maintenance | | |
| Plant and machinery | 7,999,471 | 7,167,102 |
| Others | 4,345,792 | 4,055,918 |
| Advertisement and sales promotion | 410,264,375 | 319,667,927 |
| Sales commission | 4,906,686 | 26,862,498 |
| Business promotion expenses | 248,264,657 | 187,031,850 |
| Travelling and conveyance | 37,242,124 | 44,784,542 |
| Communication expense | 4,824,032 | 4,402,361 |
| Legal and professional charges | 9,865,309 | 12,609,991 |
| Payment to auditors | | |
| Audit fees | 2,300,000 | 2,100,000 |
| Certification fee | - | 25,000 |
| Out of pocket expenses | 90,717 | 67,046 |
| Provision for doubtful debts / bad debts written off | 9,571,268 | 5,199,830 |
| Miscellaneous expenses | 15,645,650 | 16,616,567 |
| **Total other expenses** | 1,304,736,282 | 1,049,655,923 |

**24. Earnings per share**

The following reflects the profit/(loss) and share data used in the basic and diluted loss per share computations:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Profit/(loss) after tax | 25,702,163 | (158,687,946) |
| Less: dividends on convertible preference shares and tax thereon | (2,217) | (2,196) |
| **Net profit (loss) for calculation of basic EPS** | 25,699,946 | (158,690,142) |
| Net profit (loss) as above | 25,699,946 | (158,690,142) |
| Add: dividends on convertible preference shares and tax thereon | 2,217 | 2,196 |
| **Net profit (loss) for calculation of diluted EPS** | 25,702,163 | (158,687,946) |

**Computation of weighted average number of shares**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Calculation of weighted number of shares of Rs. 10 each | | |
| Number of shares outstanding for 365 days | 28,593,500 | 439,900 |
| Number of shares outstanding for 237 days | - | - |
| Adjustment for issue of bonus shares # | - | 28,153,600 |
| **Weighted average number of equity shares in calculating basic EPS** | 28,593,500 | 28,593,500 |
| **Effect of dilution:** | | |
| Convertible preference shares * | 14,079,075 | Refer note |
| Stock options granted under ESOP * | 488,365 | Refer note |
| **Weighted average number of equity shares in calculating diluted EPS** | 43,160,940 | 28,593,500 |
| Nominal value of shares (Rs.) | 10 | 10 |
| Basic earnings / (loss) per share (Rs.) | 0.90 | (5.55) |
| Diluted earnings / (loss) per share (Rs.) (refer note below) | 0.60 | (5.55) |

* For the year ended March 31, 2017, Diluted potential equity shares including CCCPS is anti-dilutive and accordingly, the weighted average number of equity shares outstanding during the year for calculation of basic EPS is used for calculation of diluted EPS.

**25. Gratuity**

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 25 years of employment. The plan is funded with LIC by the Company.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the amounts recognized in the balance sheet for the respective plan.

**Statement of profit and loss**
**Net employee benefit expense recognized in the employee cost**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Current service cost | 1,987,009 | 3,748,825 |
| Interest cost on benefit obligation | 1,032,474 | 199,141 |
| Expected return on plan assets | (839,439) | (729,233) |
| Net actuarial (gain)/loss recognized in the year | (2,858,556) | 1,589,905 |
| **Net benefit expense / (income)** | (678,512) | 4,808,638 |
| Actual return on plan assets | - | - |

**Balance sheet (Benefit asset/ (liability))**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Present value of defined benefit obligation | (15,586,122) | (19,683,032) |
| Fair value of plan assets | 14,132,759 | 11,777,516 |
| **Plan (liability)** | (1,453,363) | (7,905,516) |

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening defined benefit obligation | 19,683,032 | 2,580,406 |
| Liability on account of amalgamation (Refer note - 40) | - | 10,257,994 |
| Current service cost | 1,987,009 | 3,748,825 |
| Interest cost | 1,032,474 | 199,141 |
| Benefit paid | (4,220,596) | (693,239) |
| Actuarial (gain)/loss on obligation | (2,895,797) | 1,589,905 |
| **Closing defined benefit obligation** | 15,586,122 | 19,683,032 |

S R B C & CO LLP * CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT. LTD. * PUNE

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Opening fair value of plan assets | 11,777,916 | - |
| Acquired on account of amalgamation (refer note 35) | - | 8,202,148 |
| Expected return | 833,139 | 729,233 |
| Contributions by employer | 2,433,883 | 2,539,774 |
| Benefits paid | (881,238) | (693,239) |
| Actuarial (losses) | (36,941) | - |
| **Closing fair value of plan assets** | **14,132,759** | **11,777,916** |

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by paragraph 120(o) of the Accounting Standard 15 (revised) on employee benefits has not been disclosed.

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Investments with insurer | 100% | 100% |

The overall expected rate of return on 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 benefit obligations for the Company's plans are shown below:**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Discount rate | 7.60% | 7.35% |
| Employee turnover | 7.50% | 7.20% |
| Salary escalation* | 5.00% | 5.00% |

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Amounts for the current year and the previous two years are as follows:**

| | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
|---|---|---|---|---|
| Defined benefit obligation | 15,586,122 | 19,683,032 | 2,380,406 | 2,256,029 |
| Plan assets | 14,132,759 | 11,777,916 | - | - |
| (Deficit) | (1,453,363) | (7,905,116) | (2,380,406) | (2,256,029) |
| Experience adjustments on plan liabilities | (2,670,808) | 1,048,075 | (421,777) | 1,030,945 |
| Actuarial (gain)/loss due to change in assumptions | (335,350) | 543,836 | (13,270) | (1,030,945) |
| Experience adjustments on plan assets | 36,941 | (729,233) | - | - |

Since the Company has adopted revised AS-15 from the year 2014-15, the disclosure for defined benefit obligation and plan assets have been provided to the extent available from the date and revised AS-15 is being implemented.

**26. Leases**

Operating lease: Company as lessee

The Company has taken office premises under non-cancellable operating lease agreement for a period of 5 years. There are no restrictions placed upon the Company by entering into the lease. Minimum obligation on long term non-cancellable operating lease payable as per the rentals stated in respective agreement is as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Lease for office premises | 33,401,335 | 24,371,913 |
| Minimum lease payments for non-cancellable leases: | | |
| Not later than one year | 3,334,630 | 1,114,241 |
| Later than one year but not later than five years | 8,398,152 | 1,923,193 |
| Later than five years | - | - |

Also refer note 9 and 16.2 for details of assets held by third party and related income on such assets.

**27. 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 2015 | Employee stock option scheme 2016 | Employee stock option scheme 2017 |
|---|---|---|---|---|
| Date of grant | December 07, 2014 | December 14, 2015 & March 07, 2016 | December 05, 2016 | December 05, 2017 |
| Date of board approval | December 07, 2014 | November 30, 2015 & February 24, 2016 | December 05, 2016 | December 05, 2017 |
| Date of shareholder's approval | December 06, 2014 | December 06, 2014 | December 06, 2014 | December 06, 2014 |
| Number of options granted | 461,300 | 303,875 | 102,375 | 39,000 |
| Method of settlement | Equity settled | Equity settled | Equity settled | Equity settled |
| Vesting period | 3.5 years | 4 years | 4 years | 4 years |
| Exercise period | 3.5 years | 4 years | 4 years | 4 years |
| Expected life | 3.5 years | 4 years | 4 years | 4 years |
| Fair value of shares on date of grant | Rs 66.13 | Rs 106.15 | Rs 106.15 | 106.15 |
| Vesting conditions | Vesting based on continued association with the Company | Vesting based on continued association with the Company | Vesting based on continued association with the Company | Vesting based on continued association with the Company |

SRBC & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. PUNE

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

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (Rs) | Number of options | Weighted average exercise price (Rs) |
| Outstanding at the beginning of the year | 845,000 | 84.75 | 765,575 | 82.03 |
| Granted during the year | 39,000 | 106.15 | 102,175 | 106.15 |
| Forfeited during the year | - | - | (22,750) | - |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| Outstanding at the end of the year | 884,000 | 85.71 | 845,000 | 84.75 |
| Exercisable at the end of the year | - | - | - | - |

There was no exercise of options during the year. The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is in the range of 0.18 years - 3 years (March 31, 2017: 1.68 years - 3.33 years).

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Exercise price (Rs.) | Rs 66.15 - Rs 106.15 | Rs 66.15 - Rs 106.15 |
| Number of options outstanding | 884,000 | 845,000 |
| Weighted average remaining contractual life of options (in years) | 0.18 to 3 | 1.68 to 3.33 |
| Weighted average share price (Rs.) | 85.71 | 84.75 |

**iv. Stock options granted:**

The weighted average fair value of stock options granted during the year was Rs. 37.64 (March 31, 2017: Rs. 36.64). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Weighted average share price (Rs.) | 85.71 | 84.75 |
| Exercise Price (Rs.) | Rs 66.15 - Rs 106.15 | Rs 66.15 - Rs 106.15 |
| Expected volatility (%) | 10.00% | 11.49% |
| Expected life of the options granted (in years) | 3.5 | 4 |
| Average risk-free interest rate (%) | 7.30% | 6.15% |
| Dividend yield | 0.00% | 0.00% |

**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, 2018 amounted to Rs. Nil (March 31, 2017: Rs. Nil). The liability for employee stock options outstanding as at March 31, 2018 is Rs. Nil (March 31, 2017 Rs. Nil).

**vi. Proforma disclosures by applying fair value method**

The Company measures the cost of ESOP using the intrinsic value method as required by the Guidance Note on Accounting for Employee Share-based Payments issued by the ICAI, the impact on reported net profit and Earnings per Share by applying the fair value method is set out as follows:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Profit/(Loss) after tax as reported | 25,702,163 | (158,687,946) |
| Add: Employee stock compensation under intrinsic value method | - | - |
| Less: Employee stock compensation under fair value method | 6,398,853 | 5,734,929 |
| Proforma profit/(Loss) after tax | 19,303,310 | (164,422,875) |
| Earnings Per Share | | |
| **Basic** | | |
| - As reported | 0.90 | (5.55) |
| - Pro forma | 0.67 | (5.75) |
| **Diluted*** | | |
| - As reported | 0.57 | (5.55) |
| - Pro forma | 0.42 | (5.75) |

* Dilutive potential equity shares including CCCPS is anti-dilutive and accordingly, the weighted average number of equity shares outstanding during the year for calculation of basic EPS is used for calculation of diluted EPS.

**28. Capital and other commitments**

i) The estimated amounts of contract remaining to be executed on capital account and not provided for are Rs. 81,782,376 (net of advances: Rs. 24,183,883) [March 31, 2017: Rs. 12,077,122 (net of advances: Rs. 2,461,347)]

ii) For commitments relating to lease arrangements, refer note 26.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE *

**29. Contingent liabilities**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Sales tax - C forms | 3,372,685 | 19,233,347 |
| Income tax matters | 3,898,130 | 3,898,130 |
| Excise and service tax related matters | 11,191,932 | 14,986,536 |
| Other employee related matters | | 2,651,879 |
| **Total** | **18,462,747** | **40,771,892** |

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 recognised in the financial statements.

**30. Related party transactions**

**Names of related parties and related party relationship**

| | |
|---|---|
| Halogen Chemicals Private Limited - India | Associate Company |

**Key managerial person (KMP)**

| | |
|---|---|
| Hemant Jalan | Managing Director |
| Anita Jalan | Director |
| Kamaleshi Venugopal Narasimhamurty | Director |
| Sujoy Bose | Company Secretary |

**Relative of KMP**

Vinita Menon

**Related party transactions**

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| *a. Transactions during the year* | | |
| **Purchase of goods*** | | |
| Halogen Chemicals Private Limited | 2,158,566 | 1,952,562 |
| **Lease rentals** | | |
| Halogen Chemicals Private Limited | 300,000 | 300,000 |
| **Sale of freehold land and building** | | |
| Kamaleshi Venugopal Narasimhamurty | - | 16,406,000 |
| *b. Remuneration paid* | | |
| **Salary allowances and bonus**** | | |
| Hemant Jalan | 6,000,000 | 4,800,000 |
| Anita Jalan | 600,000 | 600,000 |
| Kamaleshi Venugopal Narasimhamurty | 4,519,542 | 3,883,758 |
| Vinita Menon | 2,200,392 | 1,554,040 |
| Sujoy Bose | 19,464 | - |
| *c. Balances at the year end* | | |
| **Trade payables and other liabilities** | | |
| Halogen Chemicals Private Limited | 27,445 | 116,053 |
| **Remuneration payable** | | |
| Hemant Jalan | 325,571 | - |
| Anita Jalan | 48,387 | - |

* includes applicable indirect taxes

** The remuneration does not include the provisions made for gratuity.

**31. Segment disclosure**

**Identification of segments:**

**Business segment**

The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analysed separately.

**Geographical segment**

The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Primary segment**

The Company is exclusively engaged in the business of manufacturing of decorative paints. Accordingly these activities comprises of primary basis of segment information as per Accounting Standard 17 "Segment Reporting" set out in these financial statements.

**Secondary segment**

The analysis of geographical segment is based on the geographical location of the customers as the Company operates predominantly in India, with the same set of risks and returns. Therefore no reportable geographical segments identified.

S R B C & CO LLP * CHARTERED ACCOUNTANTS

INDIGO PAINTS PVT. LTD. * PUNE

**32. 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, 2018 | March 31, 2017 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting | | |
| - Principal amount due to micro and small enterprises | 87,908,647 | 69,259,213 |
| - Interest due on above | 156,945 | 690,073 |
| 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 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 1,290,073 | 1,040,088 |
| 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 | - | - |

**33. Value of imports calculated on CIF basis**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Fixed assets | 2,606,966 | 22,005,750 |
| Raw materials and components | 25,251,466 | 11,569,488 |
| **Total** | **27,858,432** | **33,575,238** |

**34. Expenditure in foreign currency (on accrual basis)**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Business promotion expenses | 1,246,698 | 2,116,082 |
| Repairs and maintenance | 983,512 | 136,069 |
| Travelling and conveyance | 309,089 | 194,292 |
| Advertisement expenses | 318,645 | - |
| **Total** | **2,859,852** | **2,446,443** |

**35. Earnings in foreign currency (on accrual basis)**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Revenue from operations | 31,746,567 | 33,147,325 |
| **Total** | **31,746,567** | **33,147,325** |

**36. Imported and indigenous raw material, components and spare parts consumed**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | % of total consumption | Value Amount (Rs.) | % of total consumption | Value Amount (Rs.) |
| **Raw materials and components consumed** | | | | |
| Imported | 1.07% | 23,758,799 | 0.64% | 10,789,893 |
| Indigenously obtained | 98.93% | 2,192,400,712 | 99.36% | 1,669,371,222 |
| | **100.00%** | **2,216,159,511** | **100.00%** | **1,680,161,115** |
| **Stores and spares consumed** | | | | |
| Imported | 0.00% | - | 0.00% | - |
| Indigenously obtained | 100.00% | 12,925,290 | 100.00% | 10,918,365 |
| | **100.00%** | **12,925,290** | **100.00%** | **10,918,765** |

**37. Disclosure for Specified Bank Notes**

**Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:**

| | SBNs | Other denomination notes * | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 1,351,000 | 721,709 | 2,072,709 |
| (+) Permitted receipts | 57,000 | 9,476,486 | 9,533,486 |
| (-) Permitted payments | 18,500 | 7,213,028 | 7,231,528 |
| (-) Amount deposited in Banks | 1,389,500 | 1,375,871 | 2,765,371 |
| **Closing cash in hand as on December 30, 2016** | - | **1,609,296** | **1,609,296** |

* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular : RBI/2016-17/112 dated 8 November 2016. These are general receipts and payments of other denomination notes.

The disclosures with respect to holding of and dealings in specified bank note is not applicable to the Company for the year ended March 31, 2018.

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

INDIGO PAINTS PVT. LTD. * PUNE

**38. Unhedged Foreign Currency Exposure**

Particulars of unhedged foreign currency exposure as at the reporting date

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Trade receivables | 4,240,375 | 2,037,173 |

**39. Composite scheme of amalgamation**

**Amalgamation of Companies**

The Board of Directors of the Company at their meeting held on July 11, 2016 agreed the Scheme between the Company and HBC. The Scheme was approved by the National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated March 07, 2017 (Appointed date: April 01, 2016) under sections 230 to 232 of the Act. Pursuant to the said NCLT order, HBC merged with the Company. Consequently, HBC ceased to exist effective April 01, 2016 and the entire business and undertaking comprising all the assets and liabilities of HBC (herein referred to as "the Transferor Company") was transferred to and vested in the Company with effect from the appointed date on a going concern basis. The copy of the NCLT order was filed with the Registrar of Companies on April 03, 2017 ("Effective Date"). Accordingly effects pursuant to amalgamation has been disclosed in the Comparative figures of previous year.

**40.** Exceptional item includes

a. Loss on assets destroyed by fire amounting to Rs 4,398,665.
b. Loss on demolition of factory building at [illegible] plant amounting to Rs 9,058,304

**41. Previous year comparative**

Previous year's figures have been regrouped / reclassified where necessary to conform this year's classification

As per our report of even date

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

per [illegible] Chandekar
Partner
Membership No.: [illegible]

Place: Pune
Date: September 5, 2018

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

Hemant Jalan
Managing Director
DIN: 80342

Place: Pune
Date: September 5, 2018

SUJO'S BOSE
COMPANY SECRETARY
A-45755

Anita Jalan
Director
DIN: 85411

Place: Pune
Date: September 5, 2018