Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020

NOTE 1: GENERAL INFORMATION

a) Corporate information

NOCIL Limited ("the Company") having Company Identification No: L99999MH1961PLC012003 is a limited company incorporated on May 11, 1961, and is engaged in manufacture of rubber chemicals domiciled in India. The Company has manufacturing facilities at Navi Mumbai (Maharashtra) and at Dahej (Gujarat). The address of its registered office is Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai 400 020, Maharashtra, India.The products manufactured by the Company are used by the tyre industry and other rubber processing industries.

b) Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India under the historical cost convention on accrual basis at the end of each reporting period except for:

- Certain financial Assets and Liabilities that are measured at fair value
- Defined Benefit Plans that are measured at fair value
- Share based payments – calculated using the Black and Scholes option pricing model

The Generally Accepted Accounting principles in India comply in all material aspects with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended thereunder and other relevant provisions of the Act.

The financial statements have been prepared on going concern basis. The accounting policies are applied consistently to all periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III of the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for proceeding and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as not exceeding12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements of the Company for the year ended March 31, 2020 have been approved for issue in accordance with the resolution of the Board of Directors on June 29, 2020.

c) Functional and presentational currency

The financial statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest lakhsas per the requirement of Schedule III, unless otherwise indicated.

d) Key estimates and assumptions

The preparation of financial statements requires Management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision if it affects both current and future periods.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are as follows:

- Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised (Note 2(a)).
- Determination of the estimated useful lives of intangible assets (Note 2(c)).
- Impairment of Property, Plant and Equipment (Note 2(d)).
- Recognition and measurement of defined benefit obligations (Note 2(k)and Note 40).
- Fair valuation of employee share options (Note 2(l) and Note 39).

- Discounting of long-term financial liabilities.
- Fair value of financial instruments (Note 1(e)).
- Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources(Note 2(q)).
- Accruals of Sales incentives, Commission, etc.

e) Measurement of Fair value

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments. The Company has an established control framework with respect to the measurement of fair values. The Management regularly reviews significant inputs and valuation adjustments. If third party information, such as Government approved valuers, broker quotes or pricing services, is used to measure fair values, then the Management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

While measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices)or indirectly (i.e. derived from prices).
- Level 3 inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipment

Property, Plant and Equipment (PPE) are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use less accumulated depreciation and less accumulated impairment, if any. Cost includes expenses related directly to acquisition and installation of the concerned assets, borrowing cost during the construction period and excludes any duties / taxes recoverable.

Advances paid towards the acquisition of PPE outstanding at each reporting date is classified as Capital Advances under "Other Non-Current Assets" and assets which are not ready for intended use as on the date of balance Sheet are disclosed as "Capital Work in Progress".

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all costs incurred to bring the assets to their present location and condition. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The estimated 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.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

When significant identifiable parts of PPE are required to be replaced, the Company de-recognises the replaced parts and recognises the new part with its own associated useful life and it is depreciated accordingly. In other cases, expenses are charged off to the Statement of Profit and Loss.

Depreciation is provided, under the Straight Line Method basis so as to write off the original cost of the asset less its estimated residual value over the estimated useful life. The Management's estimate of useful lives is in accordance with Schedule II to the Companies Act, 2013.Assets costing ₹ 50,000 or less are fully depreciated in the year of purchase. Leasehold land is amortised on a straight line basis over the period of the lease.

b) Investment Property

Land or Building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Investment Property are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though, the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Notes. Fair values are determined based on an annual evaluation performed by a Government approved valuer.

Investment properties are de-recognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of de-recognition.

c) Intangible Assets

AAn Intangible asset is recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their estimated useful life. The useful life of intangible assets are assessed as either finite or infinite. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate beingaccounted for on a prospective basis. Estimated useful lives of finite intangible assets are as follows:

Patents	10 years
Software	3 years

Changes in the expected useful life are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

d) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amounts are estimated in orderto determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an assetor a cash-generating unit exceeds its recoverable amount. The impairment loss, if any, is recognised in the Statement of Profit and Loss in the period in which impairment takes place.

Recoverable amount is higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an assets and from

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

its disposal at the end of its useful life. Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

e) Inventories

Inventories are measured at lower of cost and net realisable value. Cost of inventories comprises all costs of purchase (net of input credits), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of stores and spares, raw materials, trading and other products is determined on weighted average basis. Cost of work-in-progress and finished stock is determined by the absorption costing method.

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

Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary by Managementbased on the best judgement and estimates.

f) Cash and Cash Equivalents

Cash and Cash Equivalents in the Balance Sheet comprises cash on hand, bank balances and short term deposits with banks with an original maturity of three months or less which are readily convertible into cash and which are subject to insignificant risk of changes in value.

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

g) Investment in Subsidiaries

Investment in Subsidiary entities is carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary entity the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

h) Financial instruments

A financial instrument is any contract that gives rise to financial assets of one entity and financial liability or equity of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

➢ **Financial Assets**

Initial recognition:

Financial assets are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets.

Subsequent measurement of financial assets:

Financial assets are subsequently classified and measured at:

- amortised cost
- fair value through Profit and Loss (FVTPL)
- fair value through Other Comprehensive Income (FVTOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

➢ **Trade Receivables and Loans:**

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instruments.

For investments in mutual fund, the Company has opted to account for the fair value through profit or loss.

- **Debt Instruments:**

  Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') till de-recognition on the basis of

  - the Company's business model for managing the financial assets and
  - the contractual cash flow characteristics of the financial asset.

- **Measured at amortised cost:**

  Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

- **Measured at Fair value through other comprehensive income (FVTOCI):**

  Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'Other Income' in the Statement of Profit and Loss.

- **Measured at Fair Value Through profit and Loss (FVTPL):**

  A financial asset not classified as either amortised cost or FVTOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'Other Income' in the Statement of Profit and Loss.

- **Equity Instruments:**

- **Measured at Fair Value Through profit and Loss (FVTPL):**

  Investments in equity instruments other than investments in subsidiaries are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

- **Measured at Fair value through other comprehensive income (FVTOCI):**

  On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs.

  Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for 'equity instruments through other comprehensive income'. The cumulative gain or loss is reclassified to Statement of Profit and Loss on full disposal of theinvestments.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

De-recognition of financial assets:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

➢ **Financial liabilities**

Initial recognition

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss. The interest expenses using the effective interest method is recognised over the relevant period of the financial asset. The same is included under Finance cost in the Statement of profit and Loss unless it is capitalised as part of cost of an item of Property, Plant and Equipment.

Derecognition

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

➢ **Derivative financial instruments**

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

i) Foreign Exchange Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

j) Revenue recognition

Revenue from sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of customer returns, trade allowance, rebates, goods and services tax and amount collected on behalf of third parties.

Accumulated experience is used to estimate and provide for the discounts and returns. No element of financing is deemed present as the sales are made with normal credit days consistent with market practice.

Export incentives are recognised as income as per the termsof the scheme in respect of the exports made and included as part of “Other Operating Revenue”.

<u>Dividend and interest income</u>

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

k) Employee benefits

<u>Short-term Employee Benefits:</u>

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimatedreliably.

<u>Post-Employment Benefits:</u>

(a) Defined Contribution Plans

Payments made to a defined contribution plan such as Provident Fund, Family Pension and Superannuation scheme are charged as an expense in the Statement of Profit and Loss as they fall due.

(b) Defined Benefit Plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, after discounting the same. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability comprises actuarial gains and losses which are recognised immediately in Other Comprehensive Income (OCI). Net interest expense/ (income) on the net defined liability/ (assets) is computed by applying the discount rate used to measure the net defined liability/ (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(c) Other Long-Term Employee Benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement are recognised in Statement of Profit and Loss in the period in which they arise.

l) Equity Share-Based Payments

Employees of the Company also receive remuneration in the form of share based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated on the basis of the Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

When the terms of an equity-settled award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

m) Leases

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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019, except those which are exempted under this standard, using the modified retrospective approachandtherefore the comparative information has not been restated and continues to be reportedunder Ind AS 17.

<u>As a Lessee</u>

The Company's lease assets classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determinedon the same basis as those of property and equipment. In addition, the right-of-use asset isperiodically reduced by impairment losses, if any, and adjusted for certain re-measurementsof the lease liability.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a Lessor

Lease payments under operating leases is generally recognised as an expense on a straight-line basis over the term of the relevant lease.Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income..

n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

o) Taxes on Income

Income tax expense comprises current tax expense and the deferred tax during the year. Current and deferred taxes are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year and any adjustments to the tax payable or receivable in respect of previous years as determined in accordance with the provisions of the Income Tax Act,1961 that have been enacted or subsequently enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

p) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. The Company accounts for its entitlement as income on accrual basis.

q) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The expenses relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

r) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

s) Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors

t) Segment Reporting

The Company is considered to be a single segment company – engaged in the manufacture of rubber chemicals. As per Ind AS-108 'Operating Segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS-108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 Operating Segments has been given in the consolidated financial statements.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 3 : Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Land - Leasehold	Buildings	Right of Use Assets#	Plant and Equipment	Office Equipment	Furniture & Fixtures	Vehicles	Total
I. Gross Carrying Value								
Balance as at April 1, 2019	**24,413**	**11,582**	**-**	**43,381**	**434**	**278**	**416**	**80,504**
Additions	-	7,413	1,136	8,491	122	95		17,257
Disposals	-	-	-	(15)	-	-	-	(15)
Balance as at March 31, 2020	**24,413**	**18,995**	**1,136**	**51,857**	**556**	**373**	**416**	**97,746**
II. Accumulated depreciation and impairment for the year 2019-20								
Balance as at April 1, 2019	**1,342**	**1,909**	**-**	**14,097**	**243**	**117**	**164**	**17,872**
Depreciation expense for the year	447	438	271	1,685	92	126	44	3,103
Eliminated on disposal of assets	-	-	-	(9)	-	-	-	(9)
Balance as at March 31, 2020	**1,789**	**2,347**	**271**	**15,773**	**335**	**243**	**208**	**20,966**
III. Net Carrying value as at March 31, 2020 (I-II)	**22,624**	**16,648**	**865**	**36,084**	**221**	**130**	**208**	**76,780**

Refer note (d) below.

(₹ in Lakhs)

Particulars	Land - Leasehold	Buildings	Right of Use Assets	Plant and Equipment	Office Equipment	Furniture & Fixtures	Vehicles	Total
I. Gross Block								
Balance as at April 1, 2018	**24,413**	**8,228**	**-**	**32,167**	**323**	**195**	**368**	**65,694**
Additions	-	3,354	-	11,336	111	83	53	14,937
Disposals	-	-	-	(122)	-	-	(5)	(127)
Balance as at March 31, 2019	**24,413**	**11,582**	**-**	**43,381**	**434**	**278**	**416**	**80,504**
II. Accumulated depreciation and impairment for the year 2018-19								
Balance as at April 1, 2018	**894**	**1,593**	**-**	**12,893**	**165**	**88**	**123**	**15,756**
Depreciation expense for the year	448	316	-	1,300	78	29	46	2,217
Eliminated on disposal of assets	-	-		(96)	-	-	(5)	(101)
Balance as at March 31, 2019	**1,342**	**1,909**	**-**	**14,097**	**243**	**117**	**164**	**17,872**
III. Net Block Balance as on March 31, 2019 (I-II)	**23,071**	**9,673**	**-**	**29,284**	**191**	**161**	**252**	**62,632**

Notes:

a) **Property, Plant & Equipment relating to approved R & D facility included above is as under:** (₹ in Lakhs)

Particulars	Gross Block	Depreciation	Net Block
Balance as at April, 1, 2019	579	333	246
Additions during the year (Refer Note 38)	33	-	33
Depreciation expense for the year	-	32	(32)
Disposals / Deletions*	(0)	(0)	(0)
Balance as at March 31, 2020	**612**	**365**	**247**

* Amount less than ₹ 0.50 lakh

b) Additions during the year includes pre-operative expenses of ₹ 1,133 lakhs incurred during the course of construction.

c) Refer note 37(b) for disclosure of contractual commitment for acquisition of Property, Plant and Equipment.

d) **Right of Use Assets:**

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019, except those which are exempted under this standard, using the modified retrospective approach. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company has elected to measure the right-of-use asset equal to the lease liability, with the result of no net impact on retained earnings and no restatement of prior period comparatives.

Right of use assets and lease liabilities consists of buildings of ₹ 1,136 Lakhs have been recognised as on the transition date i.e. April 1, 2019. In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share.

The weighted average incremental borrowing rate of 8.7% has been applied to lease liabilities recognised in the Balance Sheet at the date of initial application. Interest on lease liabilities is ₹ 88 Lakhs for the year.

Note 4 : Investment Property

(₹ in Lakhs)

Particulars	Buildings	Total
I. Gross Carrying Value		
Balance as at April 1, 2019	**83**	**83**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2020	**83**	**83**
II. Accumulated depreciation and impairment for the year 2019-20		
Balance as at April 1, 2019	**36**	**36**
Depreciation expense for the year	1	1
Eliminated on disposal of assets	-	-
Balance as at March 31, 2020	**37**	**37**
III. Net Carrying value as at March 31, 2020 (I-II)	**46**	**46**

(₹ in Lakhs)

Particulars	Buildings	Total
I. Gross Carrying Value		
Balance as at April 1, 2018	**83**	**83**
Additions	-	-
Disposals	-	-
Balance as at March 31, 2019	**83**	**83**
II. Accumulated depreciation and impairment for the year 2018-19		
Balance as at April 1, 2018	**35**	**35**
Depreciation expense for the year	1	1
Eliminated on disposal of assets	-	-
Balance as at March 31, 2019	**36**	36
III. Net Carrying value as at March 31, 2019 (I-II)	**47**	47

Note:

a) Fair value disclosures

The fair value of the Company's investment properties as at March 31, 2020 and March 31, 2019 has been arrived at on the basis of a valuation carried out on the respective dates by independent and government certified valuer not related to the Company. The fair value was determined based on the comparable sale and market analysis approach based on recent market prices without any significant adjustments being made to the market observable data. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Company's investment properties and information about the fair value hierarchy as at March 31, 2020 and March 31, 2019 are as follows:

(₹ in Lakhs)

Particulars	Amount	Fair value hierarchy
As at March 31, 2020		
Fair value of Investment property - Residential Units located in India	1,297	Level 2
As at March 31, 2019		
Fair value of Investment property - Residential Units located in India	1,297	Level 2

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

b) The Company has no restriction on the releasability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements

c) Information regarding Income and Expenditure of Investment Property

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental Income derived from Investment Properties	33	32
Less: Direct Operating Expenses	(8)	(9)
Gain arising from Investment properties before depreciation	25	23
Less: Depreciation	(1)	(1)
Net Gain arising from Investment properties	**24**	**22**

Note 5 : Intangible Assests

(₹ in Lakhs)

Particulars	Patents	Software	Total
I. Gross Carrying Value			
Balance as at April 1, 2019	**453**	**359**	**812**
Additions	29	-	29
Disposals	-	-	-
Balance as at March 31, 2020	**482**	**359**	**841**
II. Accumulated amortisation for the year 2019-20	**-**	**-**	**-**
Balance as at April 1, 2019	**379**	**202**	**581**
Amortisation expense for the year	101	37	138
Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2020	**480**	**239**	**719**
III. Net Carrying value as at March 31, 2020 (I-II)	**2**	**120**	**122**

(₹ in Lakhs)

Particulars	Patents	Software	Total
I. Gross Block			
Balance as at April 1, 2018	**453**	**325**	**778**
Additions	-	34	34
Disposals	-	-	-
Balance as at March 31, 2019	**453**	**359**	**812**
II. Accumulated amortisation for the year 2018-19			
Balance as at April 1, 2018	**337**	**165**	502
Amortisation expense for the year	42	37	79
Eliminated on disposal of assets	-	-	-
Balance as at March 31, 2019	**379**	**202**	**581**
III. Net Carrying value as at March 31, 2019 (I-II)	**74**	**157**	**231**

Note:

a) Intangible Assets relating to approved R & D facility included above is as under: (₹ in Lakhs)

	Gross Block	Amortisation	Net Block
Balance as at April, 1, 2019	30	6	24
Additions during the year	-	-	-
Amortisation expense for the year	-	3	3
Balance as at March 31, 2020	**30**	**9**	**21**

b) All Intangible assets held by the Company are purchased and not internally generated.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 6 : Investment in wholly owned subsidiary

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares/units	Amount	No. of shares/units	Amount
Unquoted Investments in equity shares				
In Wholly owned Subsidiary (at cost)				
PIL Chemicals Limited (₹ 10/- each, fully paid-up)	83,54,833	2,504	83,54,833	2,504
Total	**83,54,833**	**2,504**	**83,54,833**	**2,504**
Aggregate Amount of Unquoted Investments		2,504		2,504

Note 7 : Non Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares/units	Amount	No. of shares/units	Amount
a) Investment in equity instruments				
(i) Quoted Investments (at fair value through other comprehensive income (FVTOCI))				
Mafatlal Industries Limited (₹ 10/- each, fully paid-up)	19,54,695	1,217	19,54,695	2,117
HDFC Bank Limited (₹ 2/- each, fully paid-up)	5,000	86	5,000	116
Total Quoted Investments (A)		**1,303**		**2,233**
(ii) Unquoted Investments				
(at fair value through other comprehensive income (FVTOCI))				
The Bharat Co-Operative Bank Limited (₹ 10/- each, fully paid-up)	10,000	1	10,000	1
Shree Balaji Sahakari Sakhar Karkhana Limited * (₹ 2,000/- each, fully paid-up)	1	0	1	0
Mafatlal Engineering Industries Limited (₹ 100/- each, fully paid-up)	17,101	18	17,101	18
Less: Provision for Impairment		(18)		(18)
Total Unquoted Investments (B)		**1**		**1**
(b) Investments in Mutual Funds / Others (at fair value through profit and loss account (FVTPL))				
Aditya Birla Sun Life FTP SJ (1135 days)	20,00,000	222	20,00,000	202
IDFC Fixed Term Plan Series 177 Direct Plan (1160 Days)	20,00,000	222	20,00,000	202
Tata Capital Financial Services Market linked Debentures (Maturity on 14/4/21)	48	532	-	-
Aditya Birla Sun Life-FTP-Series SO-Direct (1099 days)	10,00,000	108	-	-
Total Investments in Mutual Funds/ Others (C)		**1,084**		**404**
Total Investments (A+ B+C)		**2,388**		**2,638**
Aggregate Amount of Quoted Investments		1,303		2,233
Market Value of Quoted Investments		1,303		2,233
Aggregate Amount of Unquoted Investments (At Cost)		1,103		423
Aggregate Amount of Impairment in the Value of Investments		18		18

* Amount less than ₹ 0.50 Lakhs

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 8 : Non Current - Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets (at amortised cost)		
Security Deposits		
Unsecured, considered good	621	624
Unsecured, considered doubtful	300	300
Less : Allowance for bad and doubtful deposits	(300)	(300)
	621	**624**
Earmarked Balances		
Deposit with Bank	1	-
Loans to employees		
Unsecured, considered good *	(0)	2
Total	**622**	**626**

* Amount Less than ₹. 0.50 Lakhs

Note 9 : Other Non Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Government Authorities (other than income taxes)		
CENVAT Credit Receivable	335	335
VAT Credit Receivable	952	1,022
Service Tax Credit Receivable	6	6
Others	26	26
	1,319	**1,389**
Less: Provision	(302)	(302)
	1,017	**1,087**
Capital Advances	322	2,260
Prepaid Expenses	51	49
Total	**1,390**	**3,396**

Note 10 : Inventories (At lower of cost and net realisable value)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	6,425	8,258
Work-in-progress	1,318	1,687
Finished goods *	5,007	6,470
Stock-in-trade	29	2
Stores and spares	833	625
Total	**13,612**	**17,042**

Included above, goods-in-transit:		
(i) Raw materials	795	1,079
(ii) Finished goods	173	32
Total	**968**	**1,111**

* Net of write down of ₹ 135 lakhs (Previous year ₹ Nil)

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 11 : Financial Assets - Current Investments

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
(a) Investments in Mutual Funds (Unquoted) (at fair value through profit and loss account (FVTPL))				
ICICI Prudential Equity Arbitrage Fund - Dividend	-	-	2,77,13,003	4,016
ICICI Prudential Ultra Short Term Fund	29,94,478	610	29,94,478	565
Kotak Equity Arbitrage Fund - Direct Plan - Reinvest	-	-	1,36,74,965	1,505
ABSL Corporate Bond Fund - Direct - Growth	6,98,032	551	6,98,032	504
Kotak Corporate Bond Fund - Direct - Growth	19,893	549	19,893	503
ICICI Prudential Liquid Fund - Daily Dividend *	316	0	-	-
Total (A)		**1,710**		**7,093**
(b) Other Investments (at amortised cost)				
Intercorporate deposits with HDFC Limited		610		2,586
Total (B)		**610**		**2,586**
Total Investments (A+B)		**2,320**		**9,679**

Aggregate Amount of Quoted Investments		-		-
Market Value of Quoted Investments		-		-
Aggregate Amount of Impairment in the Value of Investments		-		-
Aggregate Amount of Unquoted Investments (At Cost)		2,320		9,679

* Amount less than ₹ 0.50 Lakhs

Note 12 : Current Financial Assets -Trade receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
(a) Considered good - Secured	-	-
(b) Considered good - Unsecured	20,321	23,219
(c) Credit Impaired	14	2
Less: Allowance for doubtful debts	(14)	(2)
Total	**20,321**	**23,219**

Note 13 : Current Financial Assets - Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	9	11
Balances with banks	828	3,590
Total	**837**	**3,601**
Cash and cash equivalents as per statement of cash flows	837	3,601

Note 14 : Current Financial Assets - Other Bank balances

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks		
Unpaid dividend account	443	289
Total	**443**	**289**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 15 : Current - Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Assets (at amortised cost)		
Loans to employees		
Unsecured, considered good	1	1
Security Deposits		
Unsecured, considered good	12	-
Interest accrued on Security deposits	30	25
Financial Assets at FVTPL		
Forward Cover / Options Contract Receivable	60	-
Total	**103**	**26**

Note 16 : Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to suppliers and others	806	746
Balances with government authorities (other than income taxes)		
GST Credit Receivable	2,197	1,437
Prepaid expenses	648	543
Export incentive receivable	396	613
Other Advances	1	2
Total	**4,048**	**3,341**

Note 17 : Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10/- each	1,20,00,00,000	1,20,000	1,20,00,00,000	1,20,000
Issued and subscribed:				
Equity shares of ₹ 10/- each	16,56,05,955	16,561	16,54,18,830	16,542
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10/- each	16,56,05,955	16,561	16,54,18,830	16,542

(i) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining asset of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity Shares Outstanding at the beginning of the year	16,54,18,830	16,542	16,44,77,680	16,448
Add: Allotment pursuant to exercise of stock options granted under Company's employee stock option plan (refer Note 39)	1,87,125	19	9,41,150	94
Equity Shares Outstanding at the end of the year	**16,56,05,955**	**16,561**	**16,54,18,830**	**16,542**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(iii) Details of shareholders holding more than 5% of the aggregate equity shares of the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% shareholding	No. of shares	% shareholding
Mafatlal Industries Limited	2,52,59,059	15.25%	2,52,59,059	15.27%
Suremi Trading Private Limited	2,07,72,170	12.54%	2,03,69,204	12.31%
Sushripada Investments Private Limited	89,60,880	5.41%	89,60,880	5.42%

(iv) Share options granted under Company's share option plan

Share options granted but not exercised under Company's share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in Note 39.

As at March 31, 2020, 21,03,725 equity shares (as at March 31, 2019, 23,08,750 equity shares) of ₹ 10 each were reserved for outstanding employee share option granted.

(v) During the period of five years immediately preceeding the date as at which the Balance Sheet is prepared :

- No Class of Shares were alloted as fully paid up pursuant to contract without payment being received in cash.
- No Class of Shares were alloted as fully paid up by way of bonus shares for consideration other than cash.
- No Class of Shares were bought back by the company.

(vi) There are no calls unpaid.

(vii) There are no forfeited shares.

Note 18 : Other equity

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve	15	15
Securities premium	1,952	1,836
General reserve	4,865	4,865
Share options outstanding account	584	422
Retained earnings	97,609	94,468
Equity Instrument Through Other Comprehensive Income	(3,233)	(2,252)
Other Items of Other Comprehensive Income		
Remeasurements of Defined Benefit Obligation	(752)	(590)
Total	**1,01,040**	**98,764**

(i) Nature and purpose of each reserve within Other equity

Securities premium account:
Where company issued shares at a premium, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to a "securities premium account" as per the provisions of applicable Companies Act. It can be utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures,write-off equity related expenses like underwriting costs, etc.

General reserve:
The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/ utilised by the Company in accordance with the Companies Act, 2013.

Share option outstanding account:
This reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in Note 39.

Retained earnings:
Retained earnings represents the surplus / (deficit) of the statement of profit or loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Equity instrument through other comprehensive income:

This reserve represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

Items of Other Comprehensive Income - Remeasurements of Defined Benefit Obligation

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

Details of dividends paid / proposed:

During the year, the Company has paid dividend of ₹ 2.50 per share for the year ended March 31, 2019 post approval in the 57th Annual General Meeting of the Company. Further, based on the Board approval, interim dividend @ ₹ 2.50 per share was disbursed to the shareholders of the Company for the year ended March 31, 2020.

Note 19 : Non Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Lease Liability (Refer Note 3(d))	687	-
Total	**687**	**-**

Note 20 : Non Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 40)	1,633	1,464
Total	**1,633**	**1,464**

Note 21 : Other Non Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for customs duty	7	7
Total	**7**	**7**

Note 22 : Current Financial Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables:		
(a) Payable to Micro and Small enterprises (Refer Note below)	615	215
(b) Payable to Others		
i) Acceptances	1,276	2,417
ii) Other than Acceptances	7,032	7,246
	8,308	**9,663**
Total	**8,923**	**9,878**

Note: Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

The amounts due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
a)	The principal amount remaining unpaid to any supplier at the end of the year	611	215
b)	Interest due remaining unpaid to any supplier at the end of the year (*)	4	0
c)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d)	The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,2006	-	-
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f)	The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act ,2006	-	-

(*) Amount less than ₹ 0.50 Lakhs

Note 23 : Current Financial Liabilities - Others

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities (at amortised cost except otherwise stated):		
Lease Liability (Refer Note 3(d))	230	-
Security Deposits	444	376
Unclaimed dividends (Refer note (a) below)	443	289
Payables for capital supplies	1,752	2,890
Salary,wages and bonus payable	703	910
Contribution payable towards employee benefits	282	84
MTM on forward contracts (at FVTPL)	57	-
Other payables	129	161
Total	**4,040**	**4,710**

Note:

(a) There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 at the end of the current financial year.

Note 24 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances received from customers	128	76
Statutory remittances	229	152
Other liabilities	11	1
Total	**368**	**229**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 25 : Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 40)	662	578
Total	**662**	**578**

Note 26 : Revenue from Operations

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of goods (at contracted price)*	83,775	103,036
Other operating revenues		
Sale of scrap	123	148
Profit on Sale of Raw Material	-	39
Duty drawback and other export incentives	641	841
Cash Discounts Received	18	31
Excess provision for earlier years written back	58	177
Miscellaneous income	14	18
Total	**84,629**	**104,290**

* Sales for the year ended March 31,2020 and year ended March 31,2019 is net of Goods and Service Tax (GST)

Note 27 : Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Interest Income on		
- Bank deposits*	0	9
- Staff Loan*	-	0
- Income Tax/VAT Refund	11	7
- Intercorporate Deposits	45	135
- Other Deposits	34	30
	90	**181**
b) Dividend income from		
- Dividend reinvestment of Mutual Fund	230	433
- Equity investments	102	51
	332	**484**
c) Other gains and losses		
- Net gain arising on short term financial investments mandatorily measured at FVTPL	224	56
- Net foreign exchange gain	160	-
	384	**56**
d) Other non-operating income		
- Rent from investment properties / Others	43	38
- Income from Redemption of Mutual Fund	121	242
	164	**280**
Total	**970**	**1,001**

* Amount Less than ₹. 0.50 Lakhs

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 28 : Cost of materials consumed

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	8,258	9,844
Add: Purchases (Net)	34,886	47,970
	43,144	**57,814**
Less: Closing stock	6,425	8,258
Total	**36,719**	**49,556**

Note 29 : Changes in stock of finished goods, work-in-progress and stock-in-trade

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Closing stock		
- Finished goods	5,007	6,470
- Work in progress	1,318	1,687
- Stock-in-trade	29	2
	6,354	**8,159**
Opening stock		
- Finished goods	6,470	4,307
- Work in progress	1,687	740
- Stock-in-trade	2	9
	8,159	**5,056**
Net Decrease /(Increase) in Inventories	**1,805**	**(3,103)**

Note 30 : Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	6,109	5,555
Contribution to provident and other funds (Refer Note 40)	507	335
Employee Share based payment (Refer Note 39)	199	254
Staff welfare expenses	598	665
Total	**7,413**	**6,809**

Note 31 : Finance Cost

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest cost - on financial liability (at amortised cost)		
a) Borrowings from banks*	0	16
b) Security deposits and others (including MSME vendors)	132	47
Total	**132**	**63**

* Amount Less than ₹. 0.50 Lakhs

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 32 : Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of Property, Plant and Equipment (Refer Note 3)	3,103	2,217
Depreciation of Investment Properties (Refer Note 4)	1	1
Amortisation of Intangible Assets (Refer Note 5)	138	79
Total	**3,242**	**2,297**

Note 33 : Other Expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Power & Fuel Oil Consumed	6,638	7,044
Processing charges	3,443	3,381
Selling and Distribution expenses	3,097	3,219
Consumption of packing materials	1,335	1,454
Stores and spares consumed	868	979
Rent including lease rentals	15	286
Repairs and maintenance:		
- Plant & machinery	875	934
- Buildings	325	327
Insurance charges	473	139
Rates and taxes	306	143
Auditors remuneration and out-of-pocket expenses (Refer Note (a))	34	30
Loss on fixed assets sold/scrapped/written off	6	25
Expenses on corporate social responsibility (Refer Note (b))	476	369
Net Foreign Exchange Loss	-	422
Provision for Doubtful Debt	12	-
Sitting Fees and Commission to Directors	196	189
Other General Expenses	2,688	2,830
Total	**20,787**	**21,771**

Note (a)

(₹ in Lakhs)

Auditors remuneration and out-of-pocket expenses (net of GST):	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) As Auditors	31	26
(ii) For other services- Certification work	3	4
(iii) Auditors out-of-pocket expenses*	0	0
Total	**34**	**30**

* Amount Less than ₹. 0.50 Lakhs

Note (b)

Corporate Social Responsibility

The Company has spent ₹ 476 Lakhs during the financial year (Previous Year: ₹ 369 Lakhs) towards various schemes of Corporate Social Responsibility as per the provisions of Section 135 of The Companies Act,2013. The details are:

(a) Gross amount required to be spent during the year ₹ 476 Lakhs (Previous Year ₹ 369 Lakhs)

(b) There is no amount yet to be paid in cash for the said CSR activity

(c) Amount spent during the year in cash:

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Corporate Social Responsibility

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) On Construction / acquisition of any asset	-	-
(ii) On Education, Health, Poverty alleviation, others	476	369
Total	**476**	**369**

Note 34 : Current Tax and Deferred Tax

(a) Income Tax Expense recognised in Statement of Profit and Loss (₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax:		
Current Income Tax Charge	3,866	8,398
Total	**3,866**	**8,398**
Deferred Tax		
In respect of current year	(1,723)	862
Total	**(1,723)**	**862**
Total tax expense recognised in Statement of Profit and Loss	**2,143**	**9,260**

(b) Income Tax recognised in other Comprehensive Income (₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred Tax (Liabilities)/Assets:		
Remeasurement of Defined Benefit Obligations	(2)	7
Net fair value (gain)/loss on investments in equity shares at FVTOCI	(51)	345
Total	**(53)**	**352**

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate: (₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	**15,241**	**27,669**
Less: Income taxed at different tax rate	121	5
Profit before tax	**15,120**	**27,664**
Income Tax using the Company's domestic Tax rate #	3,806	9,669
Effect of expenses that are not deductible in determining taxable profit	375	433
Effect of income that is not taxable in determining taxable profit	(118)	(178)
Effect of expenditure eligible for weighted deduction / expenditure not debited to Profit and Loss but allowed as deduction	-	(582)
Effect of reversal of deferred tax liability (Net)	(315)	(83)
Effect on deferred tax balances due to the change in income tax rate (effective 01.04.2018)	(1,643)	-
Effect of income taxed at different rate	38	1
Income tax expense recognised in Statement of Profit and Loss	**2,143**	**9,260**

The tax rate used for the reconciliations above is the corporate tax rate plus surcharge (as applicable) on corporate tax, education cess and secondary and higher education cess on corporate tax, payable by corporate entities in India on taxable profits under Income Tax Act, 1961.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(d) Movement of Deferred Tax

Deferred tax (assets)/liabilities in relation to the Year Ended March 31, 2020 (₹ in Lakhs)

Particulars	Opening Balance	Recognised in statement of Profit and Loss	Recognised in OCI	Closing Balance
Property, Plant and Equipment, Investment properties and Intangible assets	10,599	(1,131)	-	9,468
Financial asset measured at FVTOCI	(489)	-	51	(438)
Financial asset measured at FVTPL	19	(19)	-	-
Defined benefit obligation	(680)	138	2	(540)
Provision for doubtful debts / advances	(106)	27	-	(79)
Other non financial assets	1,193	(739)	-	454
Net Tax (Assets)/Liabilities	**10,536**	**(1,723)**	**53**	**8,865**

Deferred tax (assets)/liabilities in relation to the Year Ended March 31, 2019 (₹ in Lakhs)

Particulars	Opening Balance	Recognised in statement of Profit and Loss	Recognised in OCI	Closing Balance
Property, Plant and Equipment, Investment properties and Intangible assets	9,833	766	-	10,599
Financial asset measured at FVTOCI	(144)	-	(345)	(489)
Financial asset measured at FVTPL	9	10	-	19
Defined benefit obligation	(653)	(20)	(7)	(680)
Provision for doubtful debts / advances	(212)	106	-	(106)
Other non financial assets	1,193	-	-	1,193
Net Tax (Assets)/Liabilities	**10,026**	**862**	**(352)**	**10,536**

Note 35 : Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1. Calculation of weighted average number of equity shares - Basic		
(a) Number of equity shares at the beginning of the year (in units)	16,54,18,830	16,44,77,680
(b) Number of equity shares issued during the year (in units)	1,87,125	9,41,150
(c) Number of equity shares outstanding at the end of the year (in units)	16,56,05,955	16,54,18,830
(d) Weighted number of equity shares outstanding during the year (in units)	16,55,28,165	16,52,50,999
2. Calculation of weighted average number of equity shares - Diluted		
(a) Number of potential equity shares at the beginning of the year (in units)	16,77,27,580	16,73,72,680
(b) Number of potential equity shares outstanding at the end of the year (in units)	16,77,09,680	16,77,27,580
(c) Weighted number of potential equity shares outstanding during the year (in units)	16,55,52,602	16,61,14,870
3. Profit for the year (₹ in Lakhs)	**13,098**	**18,409**
(a) Basic Earnings per share of ₹ 10/- each (3/1(d))	7.91	11.14
(b) Diluted Earnings per share of ₹ 10/- each (3/2(c))	7.91	11.08

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 36 : Leases

Operating lease arrangements

Company as lessee

The Company has entered into operating lease arrangements for certain premises (residential, offices, godowns etc.) and plant and machineries. These lease arrangements are ranging between 11 months to 60 months generally or longer and are renewable by mutual consent or mutually agreeable terms.

The specified disclosure in respect of these agreements is given below: (₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Charged to Statement of Profit and Loss	15	286
Future Minimun Lease rentals Payable under non-cancellable operating leases are as follows:		
Within one year	14	29
After one year but not more than five years	-	32
More than five years	-	-

Company as lessor

The company has given certain buildings on operating lease. The lease arrangements for 11 months to 60 months are cancellable and are generally renewable by mutual consent or mutually agreeable terms. The rental income of ₹ 43 Lakhs (2018-19: ₹ 38 Lakhs) on such lease is included in Other Income.

Note 37 : Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Contingent liabilities :		
Claims against the Company not acknowledged as debts (including Direct and Indirect taxes)	2,188	2,494
(b) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1,205	10,074
The Company did not have any long-term contracts including derivative contracts for which any provision was required for foreseeable losses.		

Note 38 : Details of expenditure and income on inhouse approved Research and Development (R & D) facility

(₹ in Lakhs)

Particulars (as defined and bifurcated by the management of the Company)	Year ended March 31, 2020	Year ended March 31, 2019
(i) Capital expenditure		
(a) Capital equipments	33	35
(ii) Revenue expenditure		
(a) Salaries / wages	388	306
(b) Travelling & Conveyance Expenses	15	20
(c) Repairs & Maintainance	42	53
(d) Communication Expenses	1	1
(e) Materials/Consumables	19	23
(f) Housekeeping	2	2
(g) Others	16	14
(h) Depreciation	35	46
Total revenue expenditure (a) to (h)	**518**	**465**
(iii) Total R & D expenditure (i+ii)	**551**	**500**
(iv) Amount received by R & D facilities	**-**	**-**
(v) Net amount of R & D expenditure	**551**	**500**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Note 39: Share based payments

39.1 Details of the employee share option plan of the Company

The Company has constituted an Employee Stock Option Plan 2007, as approved by shareholders at a previous annual general meeting. The scheme is applicable to all permanent and full-time employees, excluding the employees who are the promoters of the Company. The Nomination and Remuneration Committee, at its sole discretion, shall decide who among those employees shall receive Employee Stock Options in a particular grant.

Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. These option vest 25% every year ('graded vesting'). The options granted can be exercised at any time until completion of ten years from the date of grant, subject to the vesting schedule. Any options remaining unexercised at the end of the exercise period shall lapse.

The number of options granted is calculated in accordance with the performance-based formula approved by the shareholders at a previous annual general meeting and is subject to approval by the nomination and remuneration committee.

The share-based payments to employees being equity-settled are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Share options outstanding at the end of the year have the following expiry dates, exercise prices and fair value:

Grant series and grant year	Expiry Year	Exercise price	Fair value	March 31, 2020	March 31, 2019
		₹	₹	Number of options	Number of options
Grant 5 - 2015-16	2025-26	37.65	16.27	2,52,850	3,43,250
Grant 6 - 2016-17	2026-27	52.85	19.44	4,00,850	4,58,600
Grant 7 - 2016-17	2026-27	84.05	28.74	7,73,925	8,12,900
Grant 8 - 2017-18 *	2027-28	188.35	69.28	3,29,600	3,39,100
Grant 9 - 2018-19 *	2028-29	142.45	46.27	3,46,500	3,54,900
	Total			**21,03,725**	**23,08,750**
Weighted average remaining contractual life of options outstanding at end of year				7.37	8.31

* 9500 and 8400 options from Grant 8 and Grant 9 respectively have been forfeited on account of resignation

Fair value of share options granted in the year:

The weighted average fair value of the share options granted during the financial year is ₹ Nil (Previous year: ₹ 46.27). Options were priced using a Black-Scholes option pricing model which takes into account the exercise price, expected volatility, option's life, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Inputs into the model	March 31, 2020	March 31, 2019 Grant 9
Grant date share price (₹)	Not Applicable	142.45
Exercise price (₹)		142.45
Expected volatility (%)		38%
Expected life of the options		4 years
Expected dividend (%)		1.93%
Risk free interest rate (%)		6.97%
Expiry Year		2028-29

Basis of assumptions:

1. The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option.
2. The expected volatility was determined based on the volatility of the equity share for the period of one year prior to issue of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option.
3. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

Movement of Options Granted along with weighted average exercise price

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of period not exercised	23,08,750	95.25	28,95,000	76.11
Granted during the period	-	-	3,54,900	142.45
Forfeited during the period	(17,900)			
Exercised during the period	(1,87,125)	52.01	(9,41,150)	54.18
Balance at end of period	**21,03,725**	**98.49**	**23,08,750**	**95.25**
Exercisable at the end of the year	11,59,700		3,17,575	

The weighted average share price at the dates of exercise of options exercised during the year ended March 31, 2020 was ₹ 99.65 (year ended March 31, 2019 : ₹ 152.20)

Note 40: Employee benefit plans

1) Defined contribution plans :

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The major defined contribution plans operated by the Company are as below:

a) Provident fund and Pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund administered and managed by Government of India. The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred. The benefits are paid to employees on their retirement or resignation from the Company.

b) Superannuation fund

The Company holds two in-house superannuation funds which appropriates funds to Life Insurance Corporation of India (the insurer) at the time of retirement/resignation of employee. The pension annuity is met by the Insurer as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period in which they are incurred.

Contribution to Defined Contribution Plans, recognised in the Statement of Profit and Loss for the year under employee benefits expense, are as under :

(₹ in Lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
i) Employer's Contribution to Provident Fund and Pension	273	223
ii) Employer's Contribution to Superannuation Fund	65	59
Total	**338**	**282**

(2) Defined Benefit Plans:

a) Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering all employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, as applicable, payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity funds established by various in-house funds managed by NOCIL Employees Trust Funds as disclosed in related party transaction (Refer Note 41). Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation using Projected Unit Credit method determined in accordance with the terms of The Payment of Gratuity Act, 1972.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

b) Gratuity (Unfunded)

The Company has an obligation towards gratuity, an unfunded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, as applicable, payable for each completed year of service, without any payment ceiling. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at March 31, 2020 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit method.

A. Principal actuarial assumptions used:

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Gratuity (Funded)	
	As at March 31, 2020	As at March 31, 2019
1. Discount rate	6.84%	7.47%
2. Salary escalation	6.00%	6.00%
3. Rate of Employee Turnover	6.00%	6.00%
4. Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

B. Expenses recognised in the Statement of Profit and Loss (₹ in Lakhs)

Particulars	Gratuity (Funded)	
	Year ended March 31, 2020	Year ended March 31, 2019
Service cost:		
Current service cost	88	87
Net Interest cost	69	74
Components of defined benefit costs recognised in the Statement of Profit and Loss	**157**	**161**

The current service cost and the net interest expenses for the year are included in the 'Employee benefits expenses' line item in the Statement of Profit and Loss.

Net Interest Cost recognised in the Statement of Profit and Loss: (₹ in Lakhs)

Particulars	Gratuity (Funded)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Cost	208	202
(Interest Income)	(139)	(128)
Net interest cost recognised in the Statement of Profit and Loss	**69**	**74**

C. Expenses recognised in the Other Comprehensive Income (OCI) (₹ in Lakhs)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Actuarial (Gains)/Losses on Obligation For the Period - Due to changes in financial assumptions	80	6
Actuarial (Gains)/Losses on Obligation For the Period - Due to experience adjustment	79	9
Return on Plan Assets, excluding Interest Income	1	17
Net (Income)/Expense recognised in OCI	**160**	**32**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

D. Amount recognised in the Balance Sheet (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Present Value of Defined Benefit Obligation as at the end of the year	(2,942)	(2,780)
Fair Value of plan assets	1,903	1,867
Net Liability recognised in the Balance Sheet	**(1,039)**	**(913)**

E. Movements in the present value of defined benefit obligation are as follows: (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening defined benefit obligation	2,780	2,674
Current Service Cost	88	87
Interest cost	208	202
Actuarial (gains) / losses	159	15
Benefits Paid (From the Fund)	(186)	(135)
Benefit Paid (Directly by the Employer)	(107)	(103)
Liability transferred in	-	40
Closing defined benefit obligation	**2,942**	**2,780**

F. Movements in the fair value of the plan assets are as follows: (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening fair value of the plan assets	1,867	1,695
Contributions by the Employer	84	156
Return on Plan Assets, excluding Interest Income	(1)	(17)
Interest income	139	128
Benefits paid	(186)	(135)
Assets transferred in	-	40
Closing fair value of plan assets	**1,903**	**1,867**

G. Maturity profile of defined benefit obligation: (₹ in Lakhs)

Projected Benefits Payable in Future Years From the Date of Reporting	Estimated for the year ended March 31, 2020	Estimated for the year ended March 31, 2019
1st Following Year	1,137	1,072
2nd Following Year	298	273
3rd Following Year	354	327
4th Following Year	327	323
5th Following Year	280	274
Sum of Years 6 To 10	776	806
Sum of Years 11 and above	604	568

H Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2020	As at March 31, 2019
Projected Benefit Obligation on Current Assumptions		
Impact of +0.5% Change in Rate of Discounting	(41)	(38)
Impact of -0.5% Change in Rate of Discounting	43	40
Impact of +0.5% Change in Rate of Salary Increase	43	41
Impact of -0.5% Change in Rate of Salary Increase	(42)	(39)
Impact of +0.5% Change in Rate of Employee Turnover	1	2
Impact of -0.5% Change in Rate of Employee Turnover	1	(3)

Note 41 : Related party disclosures

A. Details of related parties

Description of relationship	Name of the Related Party
Wholly Owned Subsidiary Company	PIL Chemicals Limited (PIL)
Key Management Personnel	
- Chairman	Mr. H. A. Mafatlal
- Managing Director	Mr. S. R. Deo
Enterprises over which Key Management Personnel is able to exercise significant influence	
	Mafatlal Industries Limited
	Sri Chaitanya Seva Trust
	N. M. Sadguru Water and Development Foundation
	NOCIL Employee Trust Funds

B. Nature of Transactions/ Names of Related Parties (₹ in Lakhs)

S. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	**Subsidiary Company**		
I	**PIL Chemicals Limited**		
1	Purchase of Materials/Services	1,343	1,316
2	Dividend Received	50	50
B	**Enterprises over which Key Management Personnel is able to exercise significant influence***		
I	**Mafatlal Industries Limited**		
1	Reimbursement of Expenses	9	10
2	Dividend Paid	1,263	650
II	**Sri Chaitanya Seva Trust**		
1	Expenditure on CSR Activities	160	120
III	**N. M. Sadguru Water and Development Foundation**		
1	Expenditure on CSR Activities	56	50
IV	**NOCIL Employee Trust Funds**		
1	Contributions paid to funds	149	388
2	Post Employement Benefits paid on behalf of Trust	128	11
C	**Key Management Personnel #**		
1	Short-term employee benefits	583	702
2	Post-employment benefits	68	59
3	Share-based payment	41	46

* The transactions with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. All the Related Party Transactions are reviewed and approved by the Audit Committee.

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

C. Amounts outstanding with related parties

(₹ in Lakhs)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
A	**Subsidiary Company**		
I	**PIL Chemicals Limited**		
1	Trade Payable	41	102
B	**Enterprises over which Key Management Personnel is able to exercise significant influence**		
I	**Mafatlal Industries Limited**		
1	Trade Payables	1	3
II	**NOCIL Employee Trust Funds**		
1	Contributions Payable to Funds	311	84
2	Advance to Post Employment Retirement Funds	11	11
C	**Key Management Personnel**	273	450

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
No guarantees have been given or received.

42. Financial instruments and Risk management

42.1 Capital management

The capital structure of the Company consists of net debt and total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Company's risk management committee reviews the capital structure of the Company considering the cost of capital and the risks associated with each class of capital.

42.2 Categories of financial instruments

The following table provides categorisation of all financial instruments at carrying value.

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Measured at FVTPL		
(a) Mutual Fund Investments	2,794	7,497
(b) Other financial assets (including Derivate Financial Instruments)	60	-
Measured at amortised cost		
(a) Cash and cash equivalent	837	3,601
(b) Bank balance other than (a) above	443	289
(c) Trade receivables	20,321	23,219
(d) Other financial assets (including Security Deposits)	665	652
(e) Inter Corporate Deposits	610	2,586
Measured at FVTOCI		
(a) Investments in equity instruments	1,304	2,234
Total Financial Assets	**27,034**	**40,078**
Financial liabilities		
Measured at FVTPL		
(a) Other financial liabilities	57	-
Measured at amortised cost		
(a) Trade payables	8,923	9,878
(b) Financial Lease Liability	917	-
(c) Other financial liabilities	3,753	4,710
Total Financial Liabilities	**13,650**	**14,588**

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

42.3 Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk assessment and analyses forex exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's - Risk Management Policy approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

42.4 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of Currency risk, Interest rate risk and other price risk. The Company enters into a board approved list of derivative financial instruments to manage its exposure to foreign currency risk, including but not limited to foreign currency forwards and currency options.

42.5 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters utilising appropriate derivative instruments.

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
A. USD Currency:		
Financial Liabilities		
In USD million	2.76	5.09
Equivalent in ₹ Lakhs	2,081	3,522
Financial Assets		
In USD million	7.41	10.83
Equivalent in ₹ Lakhs	5,585	7,492
B. Euro Currency:		
Financial Liabilities		
In Euro million	0.06	0.01
Equivalent in ₹ Lakhs	50	5
Financial Assets		
In Euro million	0.11	0.09
Equivalent in ₹ Lakhs	91	70

42.5.1 Foreign currency sensitivity analysis in relation to the net foreign exchange exposure as at the balance sheet date

The Company is mainly exposed to the foreign exchange fluctuation in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the Indian Rupee against USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the exposure outstanding on receivables and payables in the company at the end of the reporting period.The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in the profit or equity where the Indian Rupee weakens 5% against the relevant currency due to positive net Financial Assets at the end of the current period . For a 5% strengthening of the Rupee against the relevant currency , there would be a comparable reverse impact on the profit or equity.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

(₹ in Lakhs)

Particulars	USD Currency Impact	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Impact on Statement of Profit and Loss for the year		
5% strengthening against US Dollar	(175)	(198)
5% weakening against US Dollar	175	198

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

42.5.2 Derivative Financial Instruments

The Company has entered into foreign currency options and forward contracts to manage its exposure to fluctuations in foreign exchange rates on foreign currency receivables and payables. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

(₹ in Lakhs)

Financial assets/ (Financial liabilities)	Particulars	As at March 31, 2020	As at March 31, 2019
Derivative Assets / (Liabilities) measured at FVTPL:			
(i) Forward contracts	Notional value (USD million) - Sell position	3.0	-
	No. of Contracts	11	-
	Fair value (₹ in Lakhs)	(57)	-
(i) Option contracts	Notional value (USD million) - Sell position	6.3	-
	No. of Contracts	17	-
	Fair value (₹ in Lakhs)	60	-

Fair Value Hierarchy	Level 2
Valuation technique(s)	Discounted Cash Flow
Key input	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.

42.6 Interest rate risk management

The Company does not have interest rate risk exposure as there are no outstanding loans as at the year end.

42.7 Other price risks

The Company is exposed to price risks arising from mutual funds and equity investments other than investments in subsidiary. Equity price risk is related to change in market reference price of investments in equity securities held by the Company. The fair value of quoted investments held by the Company exposes the Company to equity price risks. In general, these investments are not held for trading purposes.

The Company manages the surplus funds majorly through combination of investments in debt based /artibrage / equity oriented mutual fund schemes and fixed deposits. The price of investment in these mutual funds is the Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such Investment schemes.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However, due to the very short tenor of the underlying portfolio in the liquid schemes, these do not hold any significant price risks.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

42.7.1 Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher / lower, the other comprehensive income for the year ended March 31, 2020 would increase/decrease by ₹ 65 Lakhs (2018-19: increase/decrease by ₹ 112 Lakhs) as a result of the changes in fair value of equity investments measured at FVTOCI.

42.7.2 Mutual fund price sensitivity analysis

The sensitivity analysis below have been determined based on Mutual Fund Investment at the end of the reporting period. If NAV has been 1% higher / lower, the profit for year ended March 31, 2020 would increase / decrease by ₹ 28 Lakhs (2018-19: increase / decrease by ₹ 75 Lakhs) as a result of the changes in fair value of mutual funds.

42.8 Credit risk management

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

For trade and other receivables, credit evaluation is performed on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The maximum exposure to credit risk in respect of the above at the reporting date is the carrying value of financial assets recorded in the financial statements, net of any allowance for losses. Based on the historical data, loss on collection of receivable is not material, hence no additional provision considered.

Trade receivables consist of a large number of customers, spread across different markets comprising primarily dealers and manufacturers.

The average credit period on sales of goods is 60 days. The Company's trade and other receivables consists of a large number of customers, hence the Company is not exposed to concentration risk.

The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ in Lakhs)

Ageing of trade receivables	As at March 31, 2020	As at March 31, 2019
Within the credit period	15,457	18,055
0 - 180 days past due	4,846	5,149
More than 180 days past due	18	15
Total Trade receivables	**20,321**	**23,219**

Reconciliation of loss allowance provision for Trade Receivables (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	2	2
Impairment losses recognised in the year based on lifetime expected credit losses	12	-
Amounts written off during the year as uncollectible	-	-
Amounts written back during the year	-	-
Amounts recovered during the year	-	-
Balance at end of the year	**14**	**2**

42.9 Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The Treasury Risk Management Policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The Company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds mainly in bank fixed deposits and mutual funds which carry no / negligible mark to market risks.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

42.9.1 Liquidity risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include principal cash flows along with interest. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in Lakhs)

Particulars	Upto 1 year	1-5 years	5+years
March 31, 2020			
Trade Payables	8,923	-	-
Other Financial Liabilities	3,753	-	-
Total	**12,676**	**-**	**-**
March 31, 2019			
Trade Payables	9,878	-	-
Other Financial Liabilities	4,710	-	-
Total	**14,588**	**-**	**-**

Note 43: Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

43.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Companys financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(₹ in Lakhs)

Financial assets/ (Financial liabilities)	March 31, 2020	March 31, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)
a) At FVTPL:				
(i) Investments in Mutual funds	2,794	7,497	Level 2	Fair value of investments in Mutual Funds is based on Net asset value (NAV) declared by mutual fund houses at the reporting date.
(ii) Other financial assets (including Derivate Financial Instruments)	60	-	Level 2	MTM of derivative instrument is provided by the bankers as at the reporting date
(iii) Other financial liabilities	57	-	Level 2	MTM of derivative instrument is provided by the bankers as at the reporting date
b) At FVTOCI:				
Investments in equity instruments(quoted) (see note below)	1,303	2,233	Level 1	Quoted bid prices in an active market

Note: These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the Management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss.

There were no transfers between Level 1 and 2 in the period.

Notes to the Standalone Ind AS Financial Statement as at and for the year ended March 31, 2020 (Contd.)

43.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held at amortised cost:				
Cash and cash equivalent	837	837	3,601	3,601
Other Bank balance	443	443	289	289
Trade receivables	20,321	20,321	23,219	23,219
Other financial assets	665	665	652	652
Inter Corporate Deposits	610	610	2,586	2,586
Financial liabilities held at amortised cost:				
Trade Payables	8,923	8,923	9,878	9,878
Financial Lease Liability	917	917	-	-
Other financial liabilities	3,753	3,753	4,710	4,710

Note 44: Disclosure as per Section 186 of the Companies Act, 2013

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

(i) Details of Investments made by the Company are given in Note 6, 7 and 11 in the financial statement.

(ii) There are no securities and guarantees provided / given during the year.

Note 45: Subsequent Events: There are no significant subsequent events that would require adjustments or disclosures in the financial statement between the Balance Sheet date and the date of signing of accounts.

Note 46: Impact of COVID-19: The Companies operations were impacted during the last week of March 2020 due to shutdown of its plants following the nationwide lockdown imposed by the Government of India in view of the COVID-19 pandemic. The Companies plants have since resumed operations, taking all due care for the health and safety of its employees and adopting work from home policy wherever possible. The Company has evaluated the impact of this pandemic on its business operations, financial position and based on its review of current indicators, there is no significant impact on the Companies assets, capital and financial resources, profitability parameters, liquidity position, supply chain or demand for its products for the periods ended March 31, 2020. However, the impact assessment of COVID-19 is a continual process, given the uncertainties associated with its nature and duration. The financial implications are contingent on the various business parameters which may emerge from time to time and the Company will continue to closely monitor any material changes from those estimated as on the date of adoption of this financial results.

Note 47: Proposed Scheme of Amalgamation:

The Board has approved a proposed Scheme of Amalgamation of Suremi Trading Private Limited (Suremi) and Sushripada Investments Private Limited (Sushripada) with NOCIL Limited and their respective shareholders under Sections 230-232 and other applicable provisions of the Companies Act, 2013, subject to obtaining various statutory approvals. Pursuant to the Scheme becoming effective, the shareholders of Suremi and Sushripada will be alloted 2,07,72,170 and 89,60,880 equity shares of the face value of ₹. 10 each fully paid-up in NOCIL Limited in lieu of 2,07,72,170 and 89,60,880 equity shares in NOCIL Limited currently held by Suremi and Sushripada respectively. There will be no change in the shareholding of the Promoter Group and Public Shareholders of the Company.

Note 48: The Company is primarily engaged in the business of manufacture of rubber chemicals which in the context of Indian Accounting Standard (Ind AS) 108 on Operating Segments constitutes a single reportable segment. The relevant information regarding secondary segment reporting (by geographical segment) is presented in the consolidated financial statements as required as per Ind AS 108 “Operating Segments

Note 49: Previous year’s figures have been regrouped wherever necessary, to conform to the current year’s classification.