

INDEPENDENT AUDITOR'S REPORT

To the Members of Phillips Carbon Black Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Phillips Carbon Black Limited (hereinafter referred to as "the Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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

Basis for Opinion

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



Emphasis of Matter

We draw attention to note 34 of the accompanying consolidated Ind AS financial statements which states the impact of Coronavirus disease 2019 (COVID 19) on the operations of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 15 of the consolidated Ind AS financial statements)	
The Company makes sales to various customers, both domestic and international, whereby the prices of the products are subject to negotiations based on various factors including crude oil prices, movement in other variable costs, volatility in foreign currencies, level of offtake by customers and demand supply situation in carbon black market. Such prices are agreed through a formal contract. The discounts offered to these customers are mostly contractually agreed. Certain discounts are recognized as and when the negotiations thereon are completed, and the rates are agreed or based on management's estimate.	Our audit procedures included the following: • We have evaluated the Company's process and controls around revenue recognition, estimation of discounts and timing of recognizing sales as per contractual terms, including testing effectiveness of such controls. • We have considered the contractual terms of the sales contracts and tested credit memos issued during the year and subsequent to the year-end. • We have inquired of key sales personnel regarding retroactive pricing adjustments and discussed with management regarding their awareness of pricing negotiations that could affect current year revenue. • We obtained direct balance confirmations from customers on a sample basis as at the year-end or performed alternate audit procedures where such confirmations could not be obtained.

Key audit matters	How our audit addressed the key audit matter
Sales are also affected based on varying delivery terms, as agreed with the customers, which determines the timing of recognition of such sales. The amounts involved being material to these financial statements and dependent on various factors stated above, revenue recognition was determined to be a key audit matter in our audit.	• We have performed procedures on the Company's key components, analyzing the revenues, cost of sales and discounts / incentives in comparison with historical data. • We have analyzed pricing adjustments and credit notes issued after the reporting date. • We also discussed with the management on the likely timing of issuance of credit notes to customers where discounts have been recorded and are pending to be passed on to the concerned customers. • We also obtained necessary representation from the management in this regard. • We tested sample of sales transactions at the year-end to determine the appropriateness of timing of recognition of such sales.
<u>Provisions for claims & litigations and disclosure of contingent liabilities</u> (as described in Note 11.1 and Note 24 of the consolidated Ind AS financial statements)	
The Company is involved in litigations, both for and against the Company, comprising of tax matters, compliances and other disputes. The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its advisors and lawyers. This involves a high level of management judgement and assumptions which impact the risk assessment and consequential provisioning or disclosure of contingencies in the financial statements. This area is significant to our audit, since the completeness and appropriateness of accounting and disclosures for contingencies is dependent on such management's judgements and assumptions.	Our audit procedures included the following: • We evaluated and tested the Company's processes and controls for monitoring of such claims, litigations, disputes, compliances and assessment thereof for determining the likely outcome. • We read the summary of the litigations prepared by the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise. • We obtained legal confirmations from the concerned lawyers, where applicable, to seek their opinion on the status of such litigations and validate management's judgements and assumptions. • We discussed with the management, including the Company's internal tax experts and head of legal matters to understand the basis of management's judgements and estimates. • We obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters. • We read the minutes of the board meetings and tested the Company's legal expenses to

Key audit matters	How our audit addressed the key audit matter
	determine the completeness of claims, disputes and litigations. • We tested the adequacy of disclosures in the standalone Ind AS financial statements.
Fair Valuation of investments in unquoted equity and preference shares (as described in Note 4(a) of the consolidated Ind AS financial statements)	
The Company has fair valued its non-current investments in unquoted equity and preference shares of few companies as at the year end. Determining the fair value of such unquoted investments requires valuation techniques which has been performed by independent valuation experts, applying applicable valuation methodologies. These investments, being material to these financial statements, was determined to be a key audit matter in our audit.	Our audit procedures included the following: • We obtained the last audited financial statements for the year ended March 31, 2019, and the unaudited management certified financial statements / trial balance for the year ended March 31, 2020, where relevant, of the investee companies and traced the composition of the net asset value of such investee companies used in fair valuation exercise, to the same. • We read such financial information to determine any matters which should have been considered for the valuation exercise and discussed with the management for the year ended March 31, 2020 if there are any other significant developments since the last audited financial statements. • We compared the fair valuation of such investments as on March 31, 2020 with the fair valuation as on March 31, 2019 and discussed with the concerned valuer and the management the reasons for changes to such fair valuation. • We also obtained suitable management representation in this regard. • Further, we obtained Independence confirmation from the concerned valuers and assessed their competence.



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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.



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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of 2 subsidiaries whose Ind AS financial statements include total assets of Rs. 7,196.23 lacs as at March 31, 2020, and total revenues of Rs Nil and net cash inflows of Rs. 181.25 lacs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

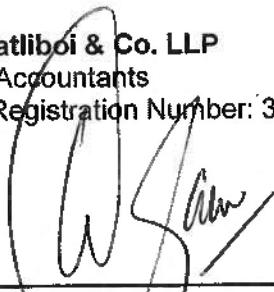


- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Company and its subsidiary companies, refer to our separate Report in "Annexure" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;



- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 11.1 and Note 24 to the consolidated Ind AS financial statements;
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005


per **Kamal Agarwal**
Partner
Membership Number: 058652

UDIN: 20058652AAAABG6299

Place: Kolkata

Date: June 23, 2020



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF PHILLIPS CARBON BLACK LIMITED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Phillips Carbon Black Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Phillips Carbon Black Limited (hereinafter referred to as the "Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS financial statements

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



S.R. BATLIBOI & CO. LLP

Chartered Accountants

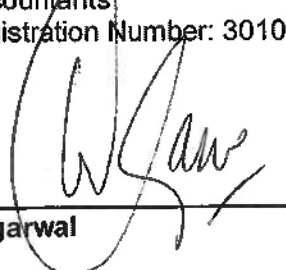
Opinion

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Kamal Agarwal

Partner

Membership Number: 058652

UDIN: 20058652AAAABG6299

Place: Kolkata

Date: June 23, 2020



(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	150,944.94	148,439.95
Capital work-in-progress	3(b)	30,558.41	17,504.16
Investment property	3(c)	447.73	447.73
Intangible assets	3(d)	101.48	143.11
Right of use assets	3(e)	12,497.95	-
Financial assets			
(i) Investments	4(a)	15,508.34	25,703.07
(ii) Loans	4(e)	1,413.25	1,372.16
(iii) Other financial assets	4(f)	139.20	139.20
Non current tax assets (Net)	7	837.62	-
Other non-current assets	5	4,240.19	2,497.14
Total Non-current assets		216,889.11	197,246.52
Current assets			
Inventories	6	32,618.87	48,029.23
Financial assets			
(i) Investments	4(a)	-	10,510.94
(ii) Trade receivables	4(b)	58,824.46	65,265.78
(iii) Cash and cash equivalents	4(c)	14,942.06	11,357.14
(iv) Other bank balances	4(d)	268.01	188.52
(v) Loans	4(e)	62.51	179.74
(vi) Other financial assets	4(f)	2,252.75	194.32
Other current assets	5	5,060.34	7,739.87
Total Current assets		114,029.00	141,465.54
TOTAL ASSETS		330,718.11	338,712.06
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	8	3,448.77	3,448.77
Other equity	9	166,465.39	161,542.30
Non-Controlling Interest		726.39	584.56
TOTAL EQUITY		170,638.55	165,573.63
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(i)	21,501.40	27,363.27
(ii) Other financial liabilities	10(c)	10,430.57	-
Provisions	11	199.23	131.28
Deferred tax liabilities (Net)	12	25,487.08	25,671.86
Total Non-current liabilities		57,618.28	53,166.41
Current liabilities			
Financial Liabilities			
(i) Borrowings	10(a)(ii)	32,986.96	45,201.89
(ii) Trade payables	10(b)	-	-
a) Total outstanding dues of micro enterprises and small enterprises		1,265.27	358.87
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		40,612.18	50,489.77
(iii) Other financial liabilities	10(c)	18,192.44	13,945.89
Provisions	11	8,390.81	8,321.11
Current tax liabilities (Net)	14	4.37	638.15
Other current liabilities	13	1,029.25	1,136.34
Total Current liabilities		102,461.28	119,972.02
TOTAL LIABILITIES		160,079.56	173,138.43
TOTAL EQUITY AND LIABILITIES		330,718.11	338,712.06

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

This is the Consolidated Ind AS Balance Sheet referred to in our report of even date.

For S/R Batliboi & Co. LLP
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

Kaushik Roy
Managing Director
(DIN: 09513489)

Kaushik Mukherjee
Company Secretary

Kusum Dadoo
Director
(DIN: 06967827)

Raj Kumar Gupta
Chief Financial Officer

K. S. B. Sanyal
Director
(DIN: 00009497)



PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Profit and Loss for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)			
	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	15	324,353.75	352,855.68
Other income	16	2,901.42	1,993.33
Total Income		327,255.17	354,849.01
Expenses			
Cost of materials consumed	17(a)	218,571.80	235,195.95
Changes in inventories of finished goods	17(b)	378.81	(5,539.79)
Employee benefits expense	18	13,455.28	11,112.36
Finance costs	19	4,589.81	3,677.88
Depreciation and amortisation expense	20	9,236.21	6,638.36
Other expenses	21	45,542.94	50,470.36
Total Expenses		291,774.85	301,555.12
Profit before tax		35,480.32	53,293.89
Income-tax expense	22		
Current tax (net of utilisation of minimum alternate tax credit)		5,727.28	15,087.36
Deferred tax		1,002.89	(60.11)
Total tax expense		6,730.17	15,027.25
Profit for the year		28,750.15	38,266.64
Other Comprehensive Income			
Exchange difference on translation of foreign exchange		246.96	113.41
Items that will not be reclassified to profit or loss, net of taxes			
Re-measurement loss on post-employment defined benefit -plans (net of tax)		(178.40)	(120.38)
Net (loss) on FVTOCI equity instruments (net of tax)		(8,942.60)	(188.86)
Other Comprehensive Income for the year, net of tax		(8,874.04)	(195.83)
Total Comprehensive Income for the year, net of tax		19,876.11	38,070.81
Profit for the year Attributable to: -			
Owners of the Equity		28,655.15	38,369.61
Non-Controlling Interest		95.00	(102.97)
Other Comprehensive Income for the year Attributable to: -			
Owners of the Equity		(8,920.87)	(224.23)
Non-Controlling Interest		46.83	28.40
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: -			
Owners of the Equity		19,734.28	38,145.38
Non-Controlling Interest		141.83	(74.57)
Earning per equity share :	27		
[Nominal Value per share - Rs. 2/- (Previous year - Rs.2/-)]			
Basic (₹)		16.68	22.20
Diluted (₹)		16.68	22.20

The accompanying notes form an integral part of these Consolidated Ind AS financial statements.

This is the Consolidated Ind AS Statement of Profit and Loss referred to in our report of even date.

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kusum Dadoo
Director
(DIN: 06967827)

K. S. B. Sanyal
Director
(DIN: 00009497)

Kaushik Mukherjee
Company Secretary

Raj Kumar Gupta
Chief Financial Officer



PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year Ended 31 March, 2020	Year Ended 31 March, 2019
A. Cash Flow from Operating Activities			
Profit before Tax		35,480.32	53,293.69
<u>Adjustments to reconcile profit before tax to net cash flows:</u>			
Depreciation and amortisation expenses	20	9,236.21	6,638.36
Finance costs	19	4,589.81	3,877.88
Allowance for doubtful debts / expected credit losses - trade receivable	21	-	500.69
Allowance for doubtful debts written back	21	(384.02)	-
Interest income from certain financial assets	16	(355.05)	(134.13)
Exchange differences on translation of foreign subsidiaries		246.96	113.41
Dividend income from equity instruments designated at FVOCI	16	(527.99)	(390.58)
Gain on sale of investments carried at FVTPL	16	(990.94)	(797.69)
Fair Value gains on investments at FVTPL	16	(79.81)	(354.58)
Liabilities no longer required written back	16	(698.68)	(270.99)
Loss on disposal/discard of property, plant and equipment	21	100.58	16.15
Provision for inventory		89.74	-
Provisions for claims and litigations	11.1	778.13	2,025.40
Unrealised Foreign exchange differences (net)		359.71	(433.02)
		<u>12,364.65</u>	<u>10,590.90</u>
Operating profit before changes in operating assets and liabilities		47,844.97	63,884.79
Working capital adjustments			
(Increase)/Decrease in inventories		13,320.63	(15,039.07)
(Increase)/Decrease in financial and non-financial assets		18,007.16	(20,122.28)
Increase/(Decrease) in financial and non-financial liabilities		(19,410.12)	13,077.66
		<u>11,917.67</u>	<u>(22,083.69)</u>
Cash generated from operations		69,762.64	41,801.10
Income taxes paid (net of refunds)		(6,637.98)	(12,811.51)
NET CASH FLOWS FROM OPERATING ACTIVITIES		63,124.66	28,989.59
B. Cash Flow from Investing Activities			
Purchase of property, plant and equipment		(23,070.75)	(23,273.90)
Proceeds from disposal of property, plant and equipment		1.71	121.08
Purchase of current investments		(330,700.71)	(257,700.00)
Proceeds from sale/redemption of current investments		337,427.60	252,491.40
Proceeds from redemption of preference shares		4,775.00	-
Interest received		355.05	218.51
Dividend received from equity instruments designated at FVOCI		527.99	390.58
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,684.11)	(27,762.33)
C. Cash Flow from Financing Activities			
Proceeds from non-current borrowings		-	18,300.00
Repayment of non-current borrowings		(8,777.54)	(4,018.54)
Payment of lease Liability		(2,268.30)	-
Increase/(Decrease) in cash credit facilities from banks		174.80	(17,165.95)
Proceeds from current borrowings		73,288.76	111,706.50
Repayment of current borrowings		(85,698.49)	(101,513.79)
Dividends paid		-	-
[excluding amount transferred to unpaid dividend account and remain unclaimed at year end and includes tax on dividend Rs. 2,479.72 Lakhs (previous year Rs. 1,884.95 Lakhs)]		(14,463.88)	(9,673.44)
Finance cost paid		(3,111.00)	(4,674.81)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(38,855.85)	(7,039.83)
Net increase/(decrease) in Cash and Cash Equivalents		<u>3,584.92</u>	<u>(5,802.57)</u>
Opening Cash and Cash Equivalents [Refer Note 4(c)]		11,357.14	17,159.71
Closing Cash and Cash Equivalents [Refer Note 4(c)]		<u>14,942.06</u>	<u>11,357.14</u>

Changes in liabilities arising from financing activities

Particulars	1 April 2019	Cash Flows	Others	31 March 2020
Current borrowings	45,201.89	(12,234.93)	-	32,966.96
Lease Liability	6,629.82	(2,268.30)	8,931.89	13,293.41
Non-current borrowings (including Current Maturities)	34,140.81	(6,777.54)	1,367.24	28,730.51
Total liabilities from financing activities	85,972.52	(21,280.77)	10,299.13	74,990.88

Particulars	1 April 2018	Cash Flows	Others	31 March 2019
Current borrowings	52,264.00	(6,973.25)	(88.86)	45,201.89
Non-current borrowings (including Current Maturities)	19,489.79	14,281.46	389.56	34,140.81
Total liabilities from financing activities	71,753.79	7,308.21	300.70	79,342.70



PHILLIPS CARBON BLACK LIMITED

Consolidated Ind AS Statement of Cash Flows for the year ended 31 March, 2020

(All amounts in Rs. Lakhs, unless otherwise stated)

Accounting Policy

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

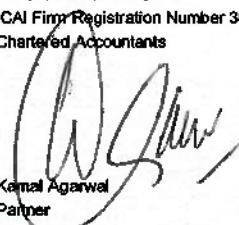
The accompanying notes form an integral part of these Consolidated Ind AS Statement of Cash Flows

This is the Consolidated Ind AS Statement of Cash Flows referred to in our report of even date.

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number 301003E/E300005

Chartered Accountants

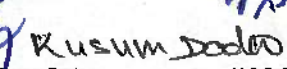

Kamal Agarwal
Partner
Membership Number 058852

Kolkata,
Date: June 23, 2020

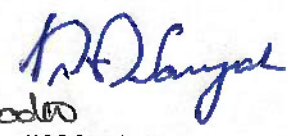
For and on behalf of Board of Directors of Phillips Carbon Black Limited


Kaushik Roy
Managing Director
(DIN: 06513489)


Kaushik Matherjee
Company Secretary


Kusum Dadoo
Director
(DIN: 06967827)


Raj Kumar Gupta
Chief Financial Officer


K.S.B. Sanyal
Director
(DIN: 00009497)



A. Equity share capital

Particulars	Notes	31 March, 2020		31 March, 2019	
		No of shares	Amount	No of shares	Amount
Equity shares of Rs 2/- (31 March, 2019 Rs. 2/-) each issued, subscribed and paid up:					
Opening balance	8	172,337,860	3,446.77	172,337,860	3,446.77
Closing balance		172,337,860	3,446.77	172,337,860	3,446.77

B. Other equity

Particulars	Notes	Reserves and Surplus				Other reserves		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve	Other items of Comprehensive income - FCTR	
As at 1 April, 2019	9	152.81	22,411.79	7,338.43	60.34	116,279.38	15,237.35	62.20	162,126.86
Profit for the year		-	-	-	-	28,655.15	-	-	28,750.15
Other comprehensive income for the year (net of tax)		-	-	-	-	(122.09)	(8,942.60)	200.13	(8,817.73)
Dividends paid (including Rs. 2,479.72 Lakhs tax on dividends)	26	-	-	-	-	(14,543.37)	-	-	(14,543.37)
Transitional adjustment on implementation of Ind AS 116 (net of tax of Rs. 174.05 Lakhs)		-	-	-	-	(324.13)	-	-	(324.13)
Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred. Refer Note 4(a)		-	-	-	-	(1,356.24)	1,356.24	-	-
As at 31 March, 2020		152.81	22,411.79	7,338.43	60.34	128,588.70	7,650.99	262.33	167,191.78



PHILLIPS CARBON BLACK LIMITED
Consolidated Ind AS Statement of Changes in Equity for the year ended 31 March, 2020
(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	Reserves and Surplus				Other reserves		Non-Controlling Interest	Total other equity
		Capital reserve	Securities premium	General reserve	Statutory Reserve	Retained earnings	Fair value through other comprehensive income reserve		
As at 1 April, 2018	9	152.81	22,411.79	7,338.43	60.34	88,944.23	15,426.21	659.13	134,970.13
Profit for the year		-	-	-	-	38,369.61	-	(102.97)	38,266.64
Other comprehensive income for the year (net of tax)		-	-	-	-	(62.59)	-	28.40	(138.04)
Dividends paid (including Rs. 1,684.95 Lakhs tax on dividends)	26	-	-	-	-	(9,764.83)	(188.86)	-	(9,764.83)
Loss on fair valuation of preference shares of companies under control/significant influence of the holding company		-	-	-	-	(1,207.04)	-	-	(1,207.04)
As at 31 March, 2019		152.81	22,411.79	7,338.43	60.34	116,279.38	15,237.35	584.56	162,126.86

The accompanying notes form an integral part of these Consolidated Ind AS financial statements

This is the Consolidated Ind AS Statement of Changes in Equity referred to in our report of even date.

For S. R. Battiboi & Co. LLP
ICAI Firm Registration Number 301003/E/300005
Chartered Accountants

(Signature)
Kamal Agarwal
Partner
Membership Number: 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

(Signature) Kusum Dadoo
Kusum Dadoo
Director
(DIN: 06967827)

(Signature) K.S.B. Sanyal
K.S.B. Sanyal
Director
(DIN: 00009497)

(Signature) Kaushik Roy
Kaushik Roy
Managing Director
(DIN: 06513489)

(Signature) Raj Kumar Gupta
Raj Kumar Gupta
Chief Financial Officer

(Signature) Kaushik Mukherjee
Kaushik Mukherjee
Company Secretary



Phillips Carbon Black Limited

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

Corporate Information

The consolidated financial statements comprise financial statements of Phillips Carbon Black Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2020. The Company is a public company limited by shares domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Group is primarily engaged in the business of manufacturing & sale of carbon black and sale of power as detailed under segment information in Note 29. The equity shares of the Company are listed on BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited. The registered office of the Company is located at Duncan House, 31, Netaji Subhas Road, Kolkata 700001, West Bengal, India.

These consolidated financial statements were approved and authorised for issue in accordance with resolution of the Board of Directors on June 23, 2020.

1. Basis of Preparation and Other Significant Accounting Policies

1.1.1. Compliance with Ind AS

These consolidated financial statements comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These standards and policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are presented in Indian Rupee (Rs), which is the Company's functional and the Group's presentation currency.

1.1.2. Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except the following, which are measured at fair values: -

- i) certain financial assets and liabilities (including derivative instruments).
- ii) Plan assets of defined benefit employee benefit plans

1.1.3. Principles of Consolidation

- a. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

- b. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in any subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.



Phillips Carbon Black Limited

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

c. The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of ownership interest as on March 31, 2020	% of ownership interest as on March 31, 2019
Phillips Carbon Black Cyprus Holdings Limited	Cyprus	100	100
PCBL Netherlands Holdings B.V.	Netherlands	Refer Note below	100
Phillips Carbon Black Vietnam Joint Stock Company	Vietnam	80	80

Note: PCBL Netherlands Holdings B.V. a wholly owned subsidiary of Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year ended 31 March, 2020 in accordance with the local laws of Netherlands.

1.1.4. Current versus Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

1.2. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

1.3. Other financial assets (other than Investments)

1.3.1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.



Phillips Carbon Black Limited

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

The classification depends on the Group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income.

1.3.2. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

1.3.3. Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

1.3.4. Derecognition of financial assets

A financial asset is derecognised only when

- The rights to receive cash flows from the asset have expired
- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.3.5. Fair value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair values includes discounted cash flow analysis and available quoted market prices. All methods of assessing fair values result in general approximation of fair values and such value may never actually be realised.



Phillips Carbon Black Limited

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

1.4. Derivatives Instruments

The Group enters into certain derivative contracts to hedge risks, which are not designated as hedges. Derivatives are recognised at fair values on the date a derivative contract is entered into and subsequent fair value changes are recognised in the statement of profit and loss at the end of each reporting period.

1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability 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 Group or the counterparty.

1.6. Foreign currency transactions and translation

1.6.1 Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. At the year end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/ other expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The results and financial position of foreign subsidiaries are translated into the presentation currency as follows:

- a) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet
- b) Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

1.7. Changes in accounting policies and disclosures

a) The Group applied Ind AS 116 Leases for the first time. Ind AS 116 Leases supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. As a lessee, the Group



Phillips Carbon Black Limited

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

previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Group. Under Ind AS 116, the Group assesses whether a contract contains a lease, at the inception of a contract. A contract contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys a right to control the use of an identified asset, the Group assesses whether (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of asset throughout the period of lease and (iii) the Group has the right to direct the use of the asset.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs. 6,131.64 Lakhs, and a lease liability of Rs. 6,629.82 Lakhs. Cumulative impact of applying the standard gross of taxes amount is Rs. 498.18 Lakhs and net of taxes amount is Rs. 323.13 Lakhs which is debited to retained earnings. Also refer Note 10(d) for impact of adoption of Ind- AS 116 on the financial statements of the Group.

b) Several other amendments, as outlined below, applies for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Group

- Ind AS 12 Uncertainty over Income Tax Treatment
- Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement,
- Ind AS 12 Income Taxes
- Ind AS 23 Borrowing Costs

1.8. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Lakhs (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENT

The preparation of consolidated financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and reported amounts of assets, liabilities, income, expense and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revision to accounting estimates is recognised in the period in which the estimates are revised, and future periods impacted.

The areas involving critical estimates of judgments are:

Employee Benefits (Estimation of defined benefit obligation)

Post-employment benefits represents obligation that will be settled in future and require assumptions to project benefit obligations. Post-employment benefits accounting is intended to reflect the recognition of future benefits cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and benefit costs incurred.

Estimation of expected useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on the Group's best estimates and reviewed, and adjusted if required, at each Balance Sheet date.

Contingent Liabilities and Provisions for claims and litigations

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but



Phillips Carbon Black Limited

**Notes to Consolidated Ind AS Financial statements as at and for the year ended March 31,
2020**

not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business. The Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible, or an estimate is not determinable, the matter is disclosed.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumption about these factors could affect the reported fair value of financial instruments. Refer Note 31 for further disclosures.



Note 3(a) Property, plant and equipment**Accounting Policy**

All items of property, plant and equipment are stated either at historical cost i.e. cost of acquisition / construction or at deemed cost as on the date of transition to Ind AS less accumulated depreciation, impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced component is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation

In case of certain property, plant and equipment, depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which are different than the rates prescribed under the Schedule II to the Companies Act 2013.

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of Plant & Equipment and Electrical Installations over estimated useful life of 18 to 20 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on historical cost/deemed cost of other property, plant and equipment (except land) is provided on pro rata basis on straight line method based on useful lives specified in Schedule II to the Companies Act, 2013.

The useful lives, residual values and method of depreciation of property plant and equipment are reviewed and adjusted, if appropriate at the end of each reporting year.

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

The cost of property plant and equipment not ready to use are disclosed under capital work in progress.



PHILLIPS CARBON BLACK LIMITED

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

(All amounts in Rs. lakhs, unless otherwise stated)

TANGIBLE ASSETS

	Freehold Land	Leasehold Land	Buildings (i)	Non-Factory Buildings and Flats	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Electrical Installations	Railway Sidings	Total
Year ended 31 March 2020											
Gross carrying amount											
Opening balance as at 1 April 2019	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	173,972.77
Additions during the year	-	-	154.72	1,057.51	7,120.83	555.18	96.21	-	175.76	-	9,160.21
Disposal during the year	-	-	-	-	(145.48)	(10.52)	(31.25)	-	(5.12)	-	(192.37)
Closing Gross carrying amount	20,206.19	42,920.48	7,717.76	9,146.63	99,086.18	705.48	735.65	17.94	2,402.90	1.40	182,940.61
Accumulated Depreciation											
Opening balance as at 1 April 2019	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Depreciation during the year	-	-	352.80	219.00	6,656.90	46.25	118.53	1.52	157.92	-	7,552.92
Adjustment of depreciation on disposal	-	-	-	-	(47.72)	(7.84)	(29.85)	-	(4.86)	-	(90.07)
Closing Accumulated Depreciation	-	-	1,603.42	702.05	28,050.45	124.14	563.27	16.28	934.66	1.40	31,995.67
Net carrying amount as at 31 March, 2020	20,206.19	42,920.48	6,114.34	8,444.58	71,035.73	581.34	172.38	1.66	1,468.24	-	150,944.94
Year ended 31 March 2019											
Gross carrying amount											
Opening balance as at 1 April 2018	20,206.19	42,920.48	7,286.36	5,810.21	78,229.86	160.70	567.56	17.94	2,191.88	1.40	157,392.58
Additions during the year	-	-	276.68	2,278.91	14,065.16	4.57	107.11	-	40.81	-	16,773.24
Disposal during the year	-	-	-	-	(184.19)	(4.45)	(3.98)	-	(0.43)	-	(193.05)
Closing Gross carrying amount	20,206.19	42,920.48	7,563.04	8,089.12	92,110.83	160.82	670.69	17.94	2,232.26	1.40	173,972.77
Accumulated Depreciation											
Opening balance as at 1 April 2018	-	-	917.91	344.53	15,634.33	69.11	371.04	12.95	614.56	1.40	17,965.83
Depreciation during the year	-	-	332.71	138.52	5,856.05	19.75	106.77	1.81	167.21	-	6,622.82
Adjustment of depreciation on disposal	-	-	-	-	(49.11)	(3.33)	(3.22)	-	(0.17)	-	(55.83)
Closing Accumulated Depreciation	-	-	1,250.62	483.05	21,441.27	85.53	474.59	14.76	781.60	1.40	24,532.82
Net carrying amount as at 31 March, 2019	20,206.19	42,920.48	6,312.42	7,606.07	70,669.56	75.29	196.10	3.18	1,450.66	-	149,439.95

* Includes Rs. Nil (31 March 2019 : Rs. 339.20 lakhs) on account of duty saved on assets imported under the EPCG scheme.

(i) Cost and accumulated depreciation include Rs.4,786.38 lakhs (31 March, 2019 - Rs. 4,775.22 lakhs) and Rs. 894.10 lakhs (31 March, 2019 - Rs. 698.33 lakhs), respectively in respect of Buildings on Leasehold Land.

(ii) Title deed of the above immovable properties are held in the name of the Company except leasehold land amounting to Rs. 2,521.08 lakhs (31 March, 2019 - Rs. 2,521.08 lakhs) for which execution of leasehold deed is pending.

(iii) The Group has borrowings from banks, which carry security charge over certain of the above property, plant and equipment. (Refer Note 10(a) for details).

(iv) Gross carrying amount on leasehold land is against certain lease agreements where the Group has an option to renew the properties on expiry of the lease period. The Group based on terms and conditions of lease agreements has assessed these lease arrangements to be perpetual in nature, accordingly leasehold land is not amortised.

(v) Aggregate amount of depreciation has been included under depreciation and amortization expenses in the Statement of Profit and Loss (Refer Note 20).



Note 3(b) Capital Work-In-Progress

CAPITAL WORK IN PROGRESS

Particulars	Total
Year ended 31 March, 2020	
Opening balance as at 1 April 2019	17,504.16
Additions during the year	22,794.00 *
Capitalization during the year	(9,739.75)
Closing Gross carrying amount	30,558.41
Year ended 31 March, 2019	
Opening balance as at 1 April 2018	6,684.43
Additions during the year	27,698.78*
Capitalization during the year	(16,879.05)
Closing Gross carrying amount	17,504.16

1. During the year the Group has capitalised the following expenses to cost of Property, plant and equipment/capital work-in-progress:

	31 March, 2020	31 March, 2019
Finance Cost	900.31	248.08
Salaries and wages	616.10	458.85
Other Overheads	156.76	785.51
	1,673.17	1,492.44
Add: Balance brought forward from previous year	169.20	319.43
	-	1,642.67
Less: Capitalised during the year to Property, plant and equipment		
Balance lying in capital work-in-progress	1,842.37	169.20

Refer Note 10 (a) for rate used to determine the amount of borrowings cost eligible for capitalisation.

* Includes Rs. 281.54 Lakh (31 March 2019 Rs. 586.65 lakhs) on account of duty saved on assets imported under the EPCG scheme.

Note 3(c) Investment property

Accounting Policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. Investment properties are derecognised either when they have been disposed of 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 profit or loss in the period of derecognition.

Particulars	Land
Year ended 31 March, 2020	
Opening gross carrying amount at 1 April, 2019	447.73
Closing gross carrying amount	447.73
Year ended 31 March, 2019	
Opening gross carrying amount at 1 April, 2018	447.73
Closing gross carrying amount	447.73

Estimation of fair value

The Group's investment property consists of freehold land in Angul, Odisha, India.

The fair value of the investment property is based on current prices for similar property. The main inputs used are quantum, area, location, demand, and trend of fair market value in the area.

The fair value is determined by an accredited independent valuer. Fair valuation is based on market approach method and categorised as Level 2 fair value hierarchy. As at 31 March 2020 and 31 March 2019, the fair values of the properties are Rs. 539.42 lacs and Rs. 514.06 lacs respectively.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 31 (iv).



Note 3(d) Intangible assets**Accounting Policy**

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation, impairment loss, if any.

Computer Software for internal use, which is primarily acquired from third party vendors, is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation / system integration services, where applicable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation method and period

Computer software is amortized on a straight line basis over estimated useful life of three years from the date of capitalisation.

Amortisation method and useful lives are reviewed periodically at each financial year end.

Particulars	Computer Software
Year ended 31 March, 2020	
Gross carrying amount	
Opening balance as at 1 April 2019	225.12
Additions during the year	-
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2019	82.01
Amortisation charge during the year	41.63
Closing accumulated amortisation	123.64
Net Carrying Amount as at 31 March, 2020	101.48
Year ended 31 March, 2019	
Gross carrying amount	
Opening balance as at 1 April 2018	111.11
Additions during the year	114.01
Closing Gross carrying amount	225.12
Accumulated amortisation	
Opening balance as at 1 April 2018	66.47
Amortisation charge during the year	15.54
Closing accumulated amortisation	82.01
Net Carrying Amount as at 31 March, 2019	143.11

1. Amortisation has been included under depreciation and amortisation expenses in the Statement of Profit and Loss (Refer Note 20).



Note 3(e) Right of use assets**Accounting Policy**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.2. Impairment of non-financial assets.

Particulars	Right of use assets
Year ended 31 March, 2020	
Gross carrying amount	
Balance as of 1 April 2019 (Recognised on transition date of Ind AS 116) (Refer Note 1.7)	6,131.64
Additions during the year	8,007.97
Closing Gross carrying amount	14,139.61
Accumulated amortisation	
Balance as of 1 April 2019	-
Amortisation charge during the year	1,641.66
Closing accumulated amortisation	1,641.66
Net Carrying Amount as at 31 March, 2020	12,497.95



	As at 31 March, 2020	As at 31st March, 2019
--	-------------------------	---------------------------

NOTE 4 (a) : INVESTMENTS**Accounting Policy****1. Investment****1.1. Classification**

The Group classifies its investments as those to be measured subsequently at fair value (either through other comprehensive income, or through profit and loss).

The classification depends on the Group's business model for managing the investments and the contractual terms of cash flows.

For investments measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies the debt investments when and only when the business model for managing those investment changes.

1.2. Measurement

At initial recognition, the Group measures a investment at its fair value plus, in the case of investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in the statement of profit and loss.

(a) Debt Instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the investment and the cash flow characteristics of the investment. The Group classifies its debt instruments as:

Fair value through profit or loss: Investments that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss is recognised in statement of profit and loss and presented on net basis in the statement of profit and loss within other income/ other expense in the period in which it arises.

(b) Equity Instrument

The Group subsequently measures all equity investments at fair value through Other Comprehensive Income and there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. At the time of derecognition of such investments, the gain or loss is transferred to retained earnings.

Non-Current**Investments in Equity Instruments (fully paid-up) - Others****Quoted**

Bank of Baroda	19.24	46.26
35,930 (31 March, 2019: 35,930) equity shares of Rs. 2/- each **		
Indian Overseas Bank	0.80	1.65
11,400 (31 March, 2019: 11,400) equity shares of Rs. 10/- each **		
Norplex Oak India Limited	-	-
380,000 (31 March, 2019: 380,000) equity shares of Rs 10/- each ^		
Maple Circuits Limited	-	-
765,000 (31 March, 2019: 765,000) equity shares of Rs. 10/- each ^		
CESC Limited	6,888.96	12,320.21
1,686,196 (31 March, 2019: 1,686,196) equity shares of Rs. 10/- each **		
CESC Ventures Limited	397.77	2,097.46
337,239 (31 March, 2019: 337,239) equity shares of Rs. 10/- each **		
Spencers Retail Limited	751.20	1,618.75
1,011,718 (31 March, 2019: 1,011,718) equity shares of Rs. 5/- each **		
Total (A)	8,057.97	16,084.33

Unquoted

Apeejay Charter Private Limited	3.82	0.16
1,600 (31 March, 2019: 1,600) equity shares of Rs 10/- each **		
Accurate Commodore Private Limited	1,629.74	481.85
390,000 (31 March, 2019: 390,000) equity shares of Rs.10/- each **		
Woodlands Multispecialty Hospital Limited	504.82	421.89
145,480 (31 March, 2019: 145,480) equity shares of Rs.10/- each **		
Ritushree Vaniya Private Limited	630.58	1,445.14
1,900 (31 March, 2019: 1,900) equity Shares of Rs.10/- each **		
Solty Commercial Private Limited	630.54	1,445.10
1,900 (31 March, 2019: 1,900) equity Shares of Rs.10/- each **		
Subhrashi Vinimay Private Limited	-	1,606.52
Nil (31 March, 2019: 13,000,000) equity shares of Rs. 10/- each (Refer Note 4)		
Fairluck Commercial Company Limited	-	745.12
Nil (31 March, 2019: 6,670,000) equity shares of Rs. 10/- each (Refer Note 4)		
Spotboy Tracom Private Limited	1,873.00	1,300.48
330,875 (31 March, 2019: 330,875) equity shares of Rs.10/- each **		
Elphinstone Properties (P) Ltd.	-	628.93
Nil (31 March, 2019: 4,500,000) equity shares of Rs.10/- each (Refer Note 4)		
RPG Industries (P) Ltd.	226.19	283.75
402,000 (31 March, 2019: 402,000) equity shares of Rs.10/- each **		
Total (B)	5,498.69	8,358.94



Investments in Preference Shares (fully paid-up) - Others

Devise Properties Private Ltd. 1,050,000 (31 March, 2019: 1,050,000) 0% Convertible Preference Shares of Rs. 100/- each at par #	709.80	656.73
Lebnitze Real Estate (P) Ltd. Nil (31 March, 2019: 950,000) 0% Convertible Preference Shares of Rs. 100/- each at par # 5,017,110 (31 March, 2019: Nil) 6% Non Cumulative Non Convertible Redeemable Preference Share of Rs. 100/- each at par # (Refer Note 4)	- 1,241.88	603.07
Norplex Oak India Limited 50 (31 March, 2019: 50) preference shares of Rs 100/- each ^	-	-
Maple Circuits Limited 50 (31 March, 2019: 50) preference shares of Rs 100/- each ^	-	-
Total (C)	1,951.68	1,259.80
(D)=(A)+(B)+(C)	15,508.34	25,703.07

Current**Investments in Preference Shares (fully paid-up) - Others****Unquoted**

Rainbow Investments Limited Nil (31 March, 2019 : 4,775,000) 2% cumulative non convertible redeemable preference shares of Rs. 100 each #	-	4,504.86
--	---	----------

Investments in Mutual Funds #**Unquoted**

ICICI Prudential Liquid - Direct Plan Growth Nil (31 March, 2019: 2,172,909.254 units) of face value Rs 100/- each	-	6,008.28
	-	10,510.94

1 Additional Information

(a) Aggregate amount - market value of quoted investments	8,057.97	16,084.33
(b) Aggregate amount of unquoted investments	7,450.37	20,129.68

Investments carried at Fair value through profit and loss

** Investments carried at Fair value through Other Comprehensive Income (FVOCI) - Refer note 2 below

^ The cost of quoted and unquoted investments in equity instruments (fully paid up) and preference shares (fully paid up) respectively have been written off in the past, though quantity thereof appears in the books

- 2 These investments in equity instruments are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVOCI as the management believes that this provides a more meaningful presentation for long term investments, than reflecting changes in fair values immediately in statement of profit and loss. Based on the aforesaid election, fair value changes are accumulated within Equity under "Fair Value Changes through Other Comprehensive Income - Equity Instruments". The Company transfers amounts from this reserve to retained earnings when relevant equity shares are derecognized.
- 3 Refer note 31 for information about fair value measurements and note 32 for credit risk and market risk on investments.
- 4 The Company has received, specified number of 6% Non Cumulative Non Convertible Redeemable Preference Share of Lebnitze Real Estate (P) Ltd. in exchange of existing equity shares of Subhrashi Vinimay Private Ltd, Fairlink Commercial Company Ltd. and Elphinstone Properties (P) Ltd. and 0% convertible preference share of Lebnitze Real Estate (P) Ltd., pursuant to the scheme of amalgamation of aforesaid companies approved by the National Company Law Tribunal.

Fair value loss and its consequential impact arising on recognition of these preference shares and de-recognition of existing investment in equity shares/preference shares has been accounted for through other comprehensive income/statement of profit and loss as per the requirement of relevant Ind AS.



4(b) TRADE RECEIVABLES**Accounting Policy**

Trade receivables are amounts receivable from customers for goods sold in the ordinary course of business. Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Secured		
Considered Good	80.00	100.00
Unsecured		
Considered Good	58,744.46	65,165.78
Receivables which have significant increase in credit risk	96.32	159.45
Receivables - credit impaired	867.50	1,188.39
Less : Allowance for significant increase in credit risk	(96.32)	(159.45)
Less: Allowance for credit impaired receivables	(867.50)	(1,188.39)
	58,824.46	65,265.78

1. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

2. Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

4(c) CASH AND CASH EQUIVALENTS**Accounting Policy**

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Balances with banks	14,913.56	10,524.97
Remittances in transit	21.77	826.03
Cash on Hand	6.73	6.14
	14,942.06	11,357.14

4(d) OTHER BANK BALANCES**Balances with Banks**

- In Unpaid Dividend Accounts *

268.01	188.52
268.01	188.52

* Earmarked for payment of Unclaimed Dividends

4(e) LOANS

(Unsecured considered good)

Non-current		
Security deposits	1,263.49	1,231.94
Other Loans		
Loan to Employees @	149.76	140.22
	1,413.25	1,372.16

@ Includes amount due from an officer of the Company

5.50	11.50
------	-------

Current		
Security deposits	9.10	9.10
Other Loans		
Loan to Employees @	53.41	170.64
	62.51	179.74

@ Includes amount due from an officer of the Company

6.00	6.00
------	------

4(f) OTHER FINANCIAL ASSETS

(Unsecured considered good)

Non-Current

Margin Money Deposit against guarantees

139.20	139.20
139.20	139.20

Current

Derivative Instruments not designated as hedges

- Foreign Exchange Forward Contracts

2,155.18	-
----------	---

Unbilled Revenue from sale of power

97.67	194.32
2,252.75	194.32



	As at 31 March, 2020	As at 31st March, 2019
NOTE 5: OTHER ASSETS		
(Unsecured considered good, unless otherwise stated)		
Non-current		
Capital advances		
- Considered Good :	3,252.18	1,918.52
- Considered Doubtful :	45.62	45.62
Less : Allowance for doubtful advances	(45.62)	(45.62)
Deposits under Protest	388.92	452.39
Others		
Advances to Suppliers/ Service providers (other than capital)	442.04	-
Prepaid Expenses	96.50	126.23
Advances to Employees	60.55	-
	4,240.19	2,497.14
Current		
Advances other than capital advances		
Advances to Suppliers/ Service providers (other than capital)		
- Considered Good :	2,684.00	1,293.07
- Considered Doubtful :	16.18	16.18
Less : Allowance for doubtful advances	(16.18)	(16.18)
Others		
Balances with Government Authorities *		
- Considered Good :	708.35	5,007.80
- Considered Doubtful :	216.46	216.46
Less : Allowance for doubtful advances	(216.46)	(216.46)
Advances to Employees	12.54	-
Prepaid Expenses	545.62	386.89
Export Benefit Receivables #	971.71	1,038.95
Others	138.12	13.16
	5,060.34	7,739.87

* Balances with Government Authorities primarily includes amounts realisable from the GST Authorities and customs authorities of India and the unutilised GST input credits on purchases to be utilised against future GST liabilities. These are generally realised within one year and hence these balances have been classified as current assets.

Export Benefit Receivables primarily consist of amounts receivable from government authorities of India towards incentives on export sales made by the Group

NOTE 6: INVENTORIES

(At lower of cost and net realisable value)

Accounting Policy

Inventories are stated at lower of cost and net realisable value.

• Raw materials, Stores and Spares and Packing Material: cost is determined on moving weighted average method and includes cost of purchase and other incidental costs. However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

• Finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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

Raw materials	19,893.35	30,900.18
Finished goods	7,932.70	8,311.51
Stores and spares parts *	4,792.82	6,817.54
* [including packing material Rs. 768.69 Lakhs (Previous Year Rs. 572.57 Lakhs)]		
	32,618.87	46,029.23

NOTE 7: NON CURRENT TAX ASSETS (NET)

Advance payment of Taxes
[Net of Provision for Tax Rs. 41,732.62 Lakhs (31 March, 2019: Rs. Nil)]

837.62

837.62



NOTE 8: EQUITY SHARE CAPITAL

Authorized share capital

310,000,000 (31 March, 2019: 310,000,000) equity shares of Rs 2/- each

As at
31 March, 2020

As at
31st March, 2019

6,200.00 6,200.00

Issued, subscribed and paid-up

172,337,860 (31 March, 2019: 172,337,860) equity shares of Rs. 2/- each fully paid up
(Refer (i) below)

3,446.77 3,446.77

3,446.77 3,446.77

- (i) There was no change in number of equity shares issued during the year ended 31 March, 2020 and 31 March, 2019. No equity shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.
- (ii) Details of equity shares held by the Holding Company and shareholders holding more than 5% of the shares in the Company :-

Number of Shares Number of Shares

Rainbow Investments Limited - Holding Company

(Holding %) (Holding %)
86,515,370 86,515,370
-50.20% -50.20%

(iii) Terms/ Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 2/- per share and each shareholder is entitled for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- (iv) Allotment of 1,823 equity shares is pending against rights issue made during 1993-94.
- (v) 48 equity shares have not been issued to the concerned non-resident shareholders pending approval of the Reserve Bank of India.

NOTE 9: OTHER EQUITY

(i) Reserves and Surplus

Capital Reserve [Refer (a) below]

152.81 152.81

Securities Premium [Refer (b) below]

22,411.79 22,411.79

Statutory reserve (U/s 45IC of Reserve Bank of India Act, 1934) [Refer (c) below]

60.34 60.34

General reserve [Refer (d) below]

7,338.43 7,338.43

Retained Earnings [Refer (e) below]

128,588.70 116,279.38

(ii) Other Reserves

Equity Instruments through Other comprehensive income [Refer (f) below]

7,650.99 15,237.35

Foreign Currency Translation reserve [Refer f(b) below]

262.33 62.20

166,465.39 161,542.30

- (a) Capital reserve represents amount transferred from the transferor company pursuant to a Scheme of Amalgamation - Balance brought forward

152.81 152.81

- (b) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013

Balance as at the beginning of the year

22,411.79 22,411.79

Balance as at the end of the year

22,411.79 22,411.79

- (c) Statutory Reserve represents amount transferred from transferor Company pursuant to a scheme of amalgamation - Balance brought forward

60.34 60.34



(d) General Reserve - balance brought forward	7,338.43	7,338.43
Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.		
(e) Retained Earnings		
Balance as at the beginning of the year	116,279.38	88,944.23
i) Profit for the year	28,655.15	38,369.61
ii) Items of other comprehensive income recognised directly in Retained Earnings		
- Remeasurement of post-employment defined benefit obligation, (net of tax)/Others (Refer Note below)	(122.09)	(62.59)
iii) Dividends paid (including Rs. 2,479.72 Lakhs (Previous year Rs 1,664.95 lakhs) tax on dividends) (Refer note 26)	(14,543.37)	(9,764.83)
iv) Impact on transition on adoption of Ind AS 116 (net of tax of Rs. 174.05 Lakhs)	(324.13)	-
v) Loss on fair valuation of preference shares of companies under common control/holding company	-	(1,207.04)
vii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, transferred from other comprehensive income.	(1,356.24)	-
Balance as at the end of the year	128,588.70	116,279.38
Note: Others represents amount directly recognised in retained earnings on consolidation of Rs. 56.31 Lakhs (Previous Year Rs. 57.79 Lakhs)		
Retained Earnings are the profits and gains that the Company has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders.		
(f) Other Comprehensive Income		
Equity Instruments through Other Comprehensive Income		
(a) Balance as at the beginning of the year	15,237.35	15,426.21
i) Changes in fair value of FVOCI Equity Instruments, net of tax	(8,942.60)	(188.86)
ii) Loss (net of tax) on exchange of shares pursuant to the scheme of amalgamation of companies, approved by the National Company Law Tribunal, (Included in (i) above) transferred to retained earnings. Refer Schedule 4(a)	1,356.24	-
Balance as at the end of the year	7,650.99	15,237.35
(b) Foreign Currency translation reserve		
Balance as at the beginning of the year	62.20	(22.81)
Add: Other comprehensive income for the year	200.13	85.01
Balance as at the end of the year	262.33	62.20

The Group has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.



	As at 31 March, 2020	As at 31st March, 2019
--	-------------------------	---------------------------

10(a) BORROWINGS**Accounting Policy**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facility will be utilised. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current and non-current liabilities based on repayment schedule agreed with banks.

(i) Non-current borrowings**SECURED LOANS**

Term loans from Banks	28,730.51	34,140.81
Less: Current maturities of Long Term Debt [included in Note 10(c)]	(7,229.11)	(6,777.54)
	<u>21,501.40</u>	<u>27,363.27</u>

Out of the Term Loans in (i) above, loans amounting to :

a) Rs. 19,246.66 lakhs (31 March 2019 - Rs. 22,597.24 lakhs) are secured with a first charge by way of a hypothecation over all moveable properties of the Company both present and future, ranking pari passu with charge created in favour of other term lenders.

b) Rs. 9,483.85 lakhs (31 March 2019 - Rs. 11,543.57 lakhs) is secured with a first charge by way of a hypothecation on the entire fixed assets (Property, plant and equipment) of the company both present and future ranking pari passu with charge created in favour of other term lenders.

Maturity Profile of Long Term Borrowings

	As at 31 March, 2020	As at 31 March, 2019
Loan with residual maturity of upto 1 and 3 years	12,646.65	-
Loan with residual maturity of upto 3 and 5 years	16,083.86	22,597.24
Loan with residual maturity of upto 5 and 10 years	-	11,543.57
	<u>28,730.51</u>	<u>34,140.81</u>

Interest rate on Rupee loans from Banks are based on spread over respective Lenders benchmark rate and that of Foreign Currency Loans are based on spread over LIBOR. All of the above are repayable in periodic instalments over the maturity period of the respective loans.

(ii) Current Borrowings**SECURED LOANS FROM BANKS**

Loans repayable on demand	12,966.96	12,495.39
Other loans	-	2,500.00

a) Nature of Security

Secured by first charge by way of hypothecation of all the Company's current assets, namely all the stock of raw material, stock in process, semi finished goods and finished goods, consumable stores and spares not relating to plant and machinery (consumable and spares) both present and future, bills receivable, bills whether documentary or clean, outstanding monies, receivable, book debts and all other current assets of the Company both present and future, ranking pari passu without any preference or priority of one over the others and also by second charge on the company's immovable and movable fixed assets (Property, plant and equipment), both present and future ranking pari passu without any preference or priority of one over the others.

UNSECURED LOANS

Loans repayable on demand		
- From Banks	20,000.00	30,206.50
	<u>32,966.96</u>	<u>45,201.89</u>

Balance outstanding as at 31 March 2020 in respect of Commercial Paper was Rs. Nil (31 March, 2019: Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 7,500 Lakhs (31 March, 2019: Rs. 25,000 Lakhs)

Refer notes 3(a), 4(b) and 6 for details of assets pledged as security as set out in the above note. Refer note 32 for information about liquidity risk and market risk on borrowings.



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

	As at 31 March, 2020	As at 31st March, 2019
10(b) TRADE PAYABLES		
Accounting Policy		
Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.		
Current		
Total outstanding of dues to Micro Enterprises and Small Enterprises	1,265.27	358.87
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	40,612.18	50,469.77
	41,877.45	50,828.64

Information relating to Micro, Small and Medium Enterprises (MSME)s:

(i) The Principal amount and interest due there on remaining unpaid to suppliers under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	1,176.80	316.56
Interest	9.81	24.31
(ii) The amount of interest paid by the buyer under Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of payment made to suppliers beyond the appointed day during the year		
Principal	-	-
Interest	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		
Principal	3,846.92	1,997.22
Interest	36.35	2.87
(iv) The amount of interest accrued and remaining unpaid at the end of the year	88.47	42.31
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23	46.16	27.18

10(c) OTHER FINANCIAL LIABILITIES

Accounting Policy**i) Short Term Employee Benefits**

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) and does not include non-lease components (maintenance charges etc.). In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

**Non Current
Lease Liability**

10,430.57

Current

Current maturities of long term Debt	7,229.11	6,777.54
Interest accrued but not due	874.47	281.06
Unpaid Dividends [Refer Note (i) below]	268.01	188.52
Others:		
Security Deposits received	89.90	108.90
Employee benefits payable	2,520.17	1,544.91
Capital creditors	3,162.21	2,684.84
Directors' fees & commission payable	1,026.00	1,614.09
Derivative instrument not designated as hedges - foreign-exchange forward contracts	-	746.03
Lease Liability	2,862.84	-
Others	159.73	-
	18,192.44	13,945.89

- (i) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.



Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020**NOTE 10(d): LEASES**

The Group's lease contract which qualifies as leases under Ind AS 116, are majorly in respect of leases for storage tanks, buildings and vehicles.

Following are the impact of adoption of Ind AS 116 on the financial statement of the Group for the year ended 31 March, 2020.

Impact on Balance Sheet (Increase/Decrease)

	31 March, 2020	01 April, 2019
Assets		
Right of use assets (Refer details below)	12,497.95	6,131.64 *
Liabilities		
Lease Liabilities (Refer details below)	13,293.41	6,629.82 *

* Recognised on date of transition of Ind AS 116

Impact on Statement of Profit and Loss

	31 March, 2020
Depreciation and amortisation	1,641.66
Finance Cost	885.39
Other expenses	(2,268.30)
Decrease in profit for the year	258.75

Impact on Statement of Cash Flow

	31 March, 2020
Payment of principal portion of lease liability	1,382.91
Payment of interest portion of lease liability	885.39
Net Cash Flow used in Financing activity	2,268.30

Following are the changes in the carrying value of right-of- use assets for the year ended 31 March 2020.

Particulars	Right of Use Assets
Balance as of 1 April 2019 (Recognised on transition date)	6,131.64
Additions to Right to use assets during the year	8,007.97
Deletion of Right to use assets during the year	-
Depreciation during the year	(1,641.66)
Balance as of 31 March 2020	12,497.95

Aggregate amount of depreciation has been included under 'Depreciation and amortisation expense' in the Statement of Profit and Loss (Refer Note 20).

The following are the movement in lease liabilities during the year ended 31 March 2020.

Particulars	Lease Liability
Balance as of 1 April 2019 (Recognised on transition date)	6,629.82
Addition to lease liability during the year	8,007.97
Finance cost accrued during the year	885.39
Deletion of Right to use assets during the year	-
Payment/adjustments of lease liability during the year and others	(2,229.77)
Balance as of 31 March 2020	13,293.41
Current	2,862.84
Non-Current	10,430.57



NOTE 11: PROVISIONS**Accounting Policy****(i) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Non-current

Provision for Employee Benefits (Refer Note 18.1)

Provision for gratuity	34.10	31.05
Provision for post retirement medical liability and Others	165.13	100.23

	199.23	131.28
--	---------------	---------------

Current

Provision for Employee Benefits (Refer Note 18.1)

Provision for gratuity	606.64	913.99
Provision for compensated absences	990.00	848.87
Provision for post retirement medical liability/others	20.07	14.74

Provisions for claims and litigations (Refer Note 11.1)

	6,774.10	6,543.51
--	-----------------	-----------------

	8,390.81	8,321.11
--	-----------------	-----------------

11.1 Provisions for claims and litigations

The Group has estimated the provisions for pending claims and litigations based on the assessment of probability for these demands crystallising against the Group in due course. The table below gives information about movement in claims and litigations, and provisions

At the beginning of the year	6,543.51	6,386.71
Add: Incurred During the year	778.13	2,025.40
Less : Paid / adjusted during the year	547.54	1,968.60
At the end of the year	6,774.10	6,543.51



	Balance as at 1st April, 2019	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2020
	Total	Total	Total	Total	Total
NOTE 12: DEFERRED TAX LIABILITIES					
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	27,438.08	566.73	-	-	28,004.81
Financial Assets at Fair value through Other Comprehensive Income	2,365.13	-	(1,013.62)	-	1,351.51
Others	33.32	-	-	-	33.32
	29,836.53	566.73	(1,013.62)	-	29,389.64
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	119.52	-	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,842.65	(53.30)	-	-	2,789.35
Allowance for doubtful debts - trade receivable	488.46	122.33	-	-	610.79
Impact on adoption of Ind AS 116 (With effect from 1 April 2019)	-	-	-	174.05	174.05
Fair value changes on financial assets	-	208.85	-	-	208.85
Minimum Alternate Tax Credit	714.04	(714.04)	-	-	-
	4,164.67	(438.16)	-	174.05	3,902.56
Net Deferred Tax Liabilities:	25,671.86	1,002.89	(1,013.62)	(174.05)	25,487.08

Note:

i. Pursuant to The Taxation Laws (Amendment) Ordinance, 2019, corporate assesses have been given the option under section 115BAA of the Income Tax Act, 1961 to apply lower income tax rate with effect from April 1, 2019, subject to certain conditions specified therein. The Group has assessed the impact of the Ordinance and believes that it will continue to remain in the existing tax structure for the foreseeable future based on its forecasted profits. Accordingly, no effect in this regard has been considered in measurement of tax expenses for the purpose of these financial statements. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expenses when there is reasonable certainty to avail the lower rate of tax.

ii. The Group has unrecognised credits of Minimum Alternative Tax pertaining to earlier years which has not been accounted for in accordance with accounting policy of the Group (Refer Note 22).

	Balance as at 1st April, 2018	Recognized to Profit or Loss during the year	Recognized to/ Reclassified from OCI	Adjusted with liability	Balance as at 31st March, 2019
	Total	Total	Total	Total	Total
Deferred Tax Liabilities:					
Property, plant and equipments, Intangible Assets and Investment Property	26,865.55	552.53	-	-	27,438.08
Borrowings	41.44	(41.44)	-	-	-
Financial Assets at Fair value through Other Comprehensive Income	2,687.32	-	(322.19)	-	2,365.13
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	45.33	(45.33)	-	-	-
Others	-	33.32	-	-	33.32
	29,639.64	499.08	(322.19)	-	29,816.53
Deferred Tax Assets:					
Financial Assets at Fair value through Profit or Loss - Derivative Financial Instruments	8.44	111.08	-	-	119.52
Items allowable for tax purpose on payments/adjustment	2,589.81	252.84	-	-	2,842.65
Allowance for doubtful debts - trade receivable	293.19	195.27	-	-	488.46
Minimum Alternate Tax Credit*	4,040.93	-	-	(3,326.89)	714.04
	6,932.37	559.19	-	(3,326.89)	4,154.67
Net Deferred Tax Liabilities:	22,727.27	(60.11)	(322.19)	3,326.89	25,671.86

* Utilised during the year against normal tax liability

	As at 31 March, 2020	As at 31st March, 2019
--	-------------------------	---------------------------

NOTE 13: OTHER CURRENT LIABILITIES**Accounting Policy**

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. If the grant received is to compensate the import cost of assets, and is subject to an export obligation as prescribed in the EPCG scheme, then the recognition of the grant would be linked to fulfilment of the associated export obligations. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other current liabilities. Revenue grant is recognised as an income in the period in which related obligation is met.

Advances from Customers	138.59	164.23
Dues payable to Government Authorities	441.31	385.46
Liability for Export Obligation / Government grants	449.35	586.65
	<u>1,029.25</u>	<u>1,136.34</u>

NOTE 14: CURRENT TAX LIABILITIES (NET)

Provision for Income Tax	4.37	538.15
[Net of Advance Tax Nil (31 March, 2019: Rs. 36,008.45 Lakhs)]		
	<u>4.37</u>	<u>538.15</u>



	Year ended 31 March, 2020	Year ended 31 March, 2019
--	------------------------------	------------------------------

NOTE 15: REVENUE FROM OPERATIONS**Accounting Policy**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade and other discounts, rebates and amounts collected on behalf of third parties.

Where the Group is the principal in the transaction, the sales are recorded at their gross values. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing component, non-cash considerations and consideration payable to the customer (if any). Any amounts received for which the Group does not provide any distinct goods or services are considered as a reduction of purchase cost.

However, Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group regardless of when the payment is being made and specific criteria have been met for each of the Group's activities as described below.

Sale of carbon black

Revenue from sale of carbon black is recognised when the control of the goods has passed to the buyer as per the terms of contract. In case of domestic sales, the performance obligation is satisfied upon delivery of the finished goods at customer's location. In case of export sales, the performance obligation is satisfied once the goods are shipped and the bill of lading has been obtained.

Sale of power

Revenue from the sale of power is recognised upon transmission of units to the buyer net of Unscheduled Interchange gains/losses as per the terms of contract with the customer.

Other Operating revenues

Exports entitlements (arising out of duty draw back, Merchandise exports from India Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Sales of Finished Goods

Carbon black	313,556.80	340,803.47
--------------	------------	------------

Sale of Power

	8,647.65	9,745.69
--	----------	----------

Other Operating Revenues

Scrap sales	440.85	507.93
Exports Incentive	1,708.45	1,998.59
Total revenue from operations	324,353.75	352,855.68

India	237,026.12	268,493.78
Outside India	85,178.33	81,855.38
Total revenue (excluding scrap sales and exports incentive)	322,204.45	350,349.16

NOTE 16: OTHER INCOME**Accounting Policy****a. Interest Income**

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

b. Dividends

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established and the amount of the dividend can be measured reliably which is generally when shareholders approve the dividend.

Interest income from certain financial assets	355.05	134.13
Dividend income from equity instruments designated at FVOCI	527.99	390.58
Gain on sale of investments carried at FVTPL	990.94	797.69
Fair Value gains on financial assets (investments) at FVTPL	79.81	354.58
Provision/Liability no longer required written back	698.68	270.99
Miscellaneous income	248.95	45.36
	2,901.42	1,993.33



NOTE 17(a) : COST OF MATERIAL CONSUMED

Opening Stock	30,900.18	23,158.49
Add : Purchases	207,564.97	242,937.64
Less : Closing Stock	(19,893.35)	(30,900.18)
Cost of material consumed	<u>218,571.80 *</u>	<u>235,195.95</u>

* Net of reversal of excess provision in respect of entry tax payable on imports of raw material in the state of West Bengal.

NOTE 17(b) : CHANGES IN INVENTORIES OF FINISHED GOODS

Closing Stock (Carbon black)	7,932.70	8,311.51
Less: Opening Stock (Carbon black)	(8,311.51)	(2,771.72)
	<u>378.81</u>	<u>(5,539.79)</u>

NOTE 18 : EMPLOYEE BENEFITS EXPENSE**Accounting Policy****(i) Post-employment benefits****Defined benefit plans**

a. The liability or asset recognised in the balance sheet in respect of Defined benefit plans is the present value of the Defined benefits obligation at the end of the reporting period less the fair value of plan assets. The Defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method at the year end.

b. The present value of the Defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations.

c. The net interest cost is calculated by applying the discount rate to the net balance of the Defined benefit obligation and the fair value of plan assets. This cost is included in Employees Benefits Expense in the statement of profit and loss.

d. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity.

e. Changes in the present value of the Defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

(ii) Defined contribution plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(iii) Other short-term employee benefit obligations

Liabilities for short term employee benefits that are expected to be settled wholly within 12 months after the end of the period are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits payable in the balance sheet.

The Group provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number days of unutilised leave at each balance sheet date on the basis of year-end actuarial valuation using projected unit credit method. The scheme is unfunded.

Salaries, wages and bonus	11,016.76	9,073.11
Contribution to provident and other funds (Refer note 18.1)	1,378.01	1,047.99
Staff welfare expense (Refer note 18.1)	1,060.51	991.26
	<u>13,455.28</u>	<u>11,112.36</u>



18.1 Employee Benefits:**(I) Post employment obligations****(A) Gratuity**

The Gratuity scheme is a defined benefit plan that provides for a lump sum payment on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of last drawn salary and the period of service and paid as lump sum at exit. Gratuity payable is not restricted to the maximum limit prescribed under the Payment of Gratuity Act, 1972. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. Trustees administer the contributions made to the Gratuity fund. Amounts contributed to the Gratuity fund are invested solely with the Life Insurance Corporation of India.

(B) Post-retirement medical benefits (PRMB)

Post Retirement Medical Benefits [comprising payment of annual medical insurance premium to cover hospitalizations and reimbursement of domiciliary medical expenses within a defined monetary limit], a defined benefit retirement plan is extended to certain employees. The liability in respect thereof is determined by actuarial valuation at the year end based on the Projected Unit Credit Method and is recognized as a charge on accrual basis. The scheme is unfunded.

The following table sets forth the particulars in respect of the defined benefit plans of the Group for the year ended 31st March, 2020:

Particulars	Gratuity Fund (Funded)			PRMB (Unfunded)
	Present Value of Obligation	Fair value of plan assets	Net Amount	Present Value of Obligation
(i) 1 April 2019	2,676.33	(1,731.29)	945.04	45.56
Current Service Cost	191.16	-	191.16	-
Past Service Cost	-	-	-	-
Interest expense/(Income)	187.65	(148.64)	39.01	3.12
Total Amount recognised in profit or loss	378.81	(148.64)	230.17	3.12
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	165.07	(9.25)	165.82	2.99
(Gain)/loss arising from experience adjustments	116.10	-	116.10	(0.77)
Total amount recognised in other comprehensive income	281.17	(9.25)	271.92	2.22
Employer's contributions	-	(806.39)	(806.39)	-
Benefit payments	(139.99)	139.99	-	(4.39)
31 March 2020	3,196.32	(2,556.58)	640.74	46.61
(ii) 1 April 2018	2,097.37	(1,470.92)	626.45	32.35
Current Service Cost	164.39	-	164.39	-
Past Service Cost	281.53	-	281.53	-
Interest expense/(Income)	147.76	(101.41)	46.35	2.32
Total Amount recognised in profit or loss	593.68	(101.41)	492.27	2.32
Remeasurements (gain)/loss				
(Gain)/loss from change in financial assumptions	161.67	(14.12)	147.55	0.67
(Gain)/loss arising from experience adjustments	24.77	-	24.77	12.14
Total amount recognised in other comprehensive income	186.44	(14.12)	172.32	12.81
Employer's contributions	-	(346.00)	(346.00)	-
Benefit payments	(201.16)	201.16	-	(1.92)
31 March 2019	2,676.33	(1,731.29)	945.04	45.56

Includes Rs. 332.92 Lakhs (31 March, 2019: Rs. 314.16 Lakhs) related to present value obligation of gratuity payable for contractual workers. This is an unfunded plan.

The expected return on plan assets is determined after taking into consideration composition of plan assets held, assessed risks of asset management, historical results of return on plan assets, Group's policies for plan asset management and other relevant factors.

The expenses for the above mentioned benefits have been included and disclosed under the following line items:-

Gratuity - under 'Contribution to Provident and other Funds' in Note 18

Post Retirement Medical Benefit - under 'Staff Welfare Expenses' in Note 18



	2019-20	2018-19
(iii) Actual Return on Plan Asset	148.64	101.41

(iv) The net liability disclosed above relating to funded and unfunded plans are as follows

	As at 31 March, 2020	As at 31 March, 2019
Present value of funded obligations	3,196.32	2,676.33
Fair value of plan assets	(2,555.58)	(1,731.29)
Deficit of funded plan	640.74	945.04
Unfunded plans (PRMB)	46.51	45.56
	687.25	990.60

(v) Principal : Actuarial assumptions

	As at 31 March, 2020	As at 31 March, 2019
(i) Discount rate	6.30%	7.20%
(ii) Salary escalation rate #	7.00%	7.00%
(iii) Medical inflation rate	5.00%	5.00%
(iv) Mortality Table (In service)	Indian Assured Lives Mortality (2006-08) (Modified) Ult.	Indian Assured Lives Mortality (2006-08) (Modified) Ult.
(v) Mortality Table (Post Retirement)	LIC (1996 to 1998 ultimate)	LIC (1996 to 1998 ultimate)

The estimate of future salary increase considered in actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

In case of funded plan, the Group ensures that the investment positions are managed within an asset - liability matching (ALM) framework that has been developed to achieve investment that are in line with the obligation under the gratuity scheme. Within this framework the Group's ALM objective is to match asset with gratuity obligation. The Group actively monitors how the duration and the expected yield of instruments are matching the expected cash outflows arising from the gratuity obligations. The Group has not changed the process used to manage its risk from previous periods. The Group does not use derivatives to manage its risk. The gratuity scheme is funded with LIC which has good track record of managing fund.

(vi) Sensitivity Analysis

		Increase/ (Decrease) in DBO		Increase/ (Decrease) in DBO	
		As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
Discount Rate - Gratuity	Decrease by 1%	212.71	172.93	Increase by 1%	(182.09)
Discount Rate - PRMB	Decrease by 1%	3.79	3.63	Increase by 1%	(3.30)
Salary escalation Rate	Decrease by 1%	(183.19)	(149.99)	Increase by 1%	209.95
Life expectancy	Rated up by 1 Yr.	1.64	1.49	Rated down by 1 yr.	(1.67)
Long term increase in health care cost (medical)	Decrease by 1%	(1.86)	(1.83)	Increase by 1%	2.11

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the plan's end of year Defined Benefit Obligation. In reality, the plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar opposite directions, while the plan's sensitivity to such changes can vary over time.



(vii) Risk Exposure

Through its defined benefit plans, the Group is exposed to some risks, the most significant of which are detailed below:

- 1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
- 2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(C) Provident Fund

Certain employees of the Group receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Group. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or cessation of employment. Both the employees and the Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust set up by the Group. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Group's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

The Actuary has carried out actuarial valuation of the plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and deterministic approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, the future anticipated shortfall with regard to interest rate obligation of the Group amounts to Rs. 69.28 Lakhs (31 March, 2019: Rs 15.68 Lakhs) and outstanding as at the balance sheet date amounts to Rs 138.69 Lakhs (31 March, 2019: Rs 69.41 Lakhs). Disclosure given hereunder are restricted to the relevant information available as per the actuary's report.

Principal Actuarial Assumptions	As at 31 March, 2020	As at 31 March, 2019
Discount Rate	6.30%	7.20%
Expected Return on Exempted Fund	8.25%	8.65%
Expected EPFO return	8.50%	8.65% for first 1 year and 8.60% thereafter.

(II) Defined Contribution Plans

The Group has certain Defined Contribution Plans viz. Provident Fund and Superannuation Fund. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The Group has a defined contribution Superannuation plan for which contribution is made at a rate not exceeding 4.87% of Basic and Dearness Allowance of the member with Superannuation. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 195.92 lakhs (31 March 2019-Rs 151.92 Lakhs)

(III) Defined Benefit Liability and Employer Contributions

Expected contribution to Post-employment benefit plans for the year ending 31 March, 2020 is Rs. 307.82 Lakhs (31 March, 2019: Rs. 630.81 lakhs)

The weighted average duration of the defined benefit obligation is 6 years (31 March, 2019 - 5 years) for employees and 10 years (31 March, 2019 - 11 years) for contractual employees. The expected maturity analysis of undiscounted gratuity and post employment medical benefits is as follows:

Particulars	Less than a year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	Between 5-11 years	Total
31 March, 2020							
Defined benefit obligation							
Gratuity	1,047.49	188.40	208.25	321.98	241.10	1,519.24	3,526.46
Provident fund	16.27	10.99	11.19	10.80	10.86	47.30	107.41
Post employment medical benefits	4.42	4.40	4.38	4.33	4.27	19.94	41.74
Total	1,068.18	203.79	223.82	337.11	256.23	1,586.48	3,675.61
31 March, 2019							
Defined benefit obligation							
Gratuity	955.68	111.78	179.36	191.75	285.25	1,442.66	3,166.48
Provident fund	10.28	6.30	6.04	6.06	6.05	24.93	59.66
Post employment medical benefits	4.46	4.46	4.44	4.42	4.37	20.70	42.85
Total	970.42	122.54	189.84	202.23	295.67	1,488.29	3,268.99



	Year ended 31 March, 2020	Year ended 31 March, 2019
NOTE 19 : FINANCE COSTS		
Accounting Policy		
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.		
Other borrowing costs are expensed in the period in which they are incurred.		
Interest expense on debts and borrowings	3,676.58	3,566.32
Interest on lease liabilities	885.39	-
[on adoption of Ind AS 116 with effect from 1 April 2019, Refer Note 10(d)]		
Other Borrowings Costs	27.84	111.56
	4,589.81	3,677.88

NOTE 20 : DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipment (Refer Note 3(a))	7,552.92	6,622.82
Amortization of intangible assets (Refer Note 3(d))	41.63	15.54
Depreciation on Right of Use Assets (Refer Note 3(e))	1,641.66	
	9,236.21	6,638.36

NOTE 21 : OTHER EXPENSES

Consumption of stores and spares	3,462.53	5,267.51
Consumption of packing materials	6,393.17	5,918.40
Power and fuel	1,740.21	2,285.04
Water charges	555.83	559.32
Rent [Refer Note 10(d)]	469.21	2,101.52
Rates and taxes	831.24	1,457.08
Repairs and maintenance:		
- Buildings	152.08	223.74
- Plant and Machinery	1,986.24	4,000.95
- Others	274.96	277.14
Insurance	333.92	220.08
Travelling and conveyance	1,118.14	1,235.98
Subscriptions and donations *	3,552.58	2,498.22
Freight outward (net of recovery)	9,130.36	8,249.52
Commission to selling agents	3,241.09	3,238.45
Directors' sitting fees & Commission	1,066.45	1,641.49
Research and development expenses (Refer note 23)	981.94	488.41
Net gain on foreign currency transaction	(106.91)	(204.75)
Loss on disposal of property, plant and equipment	100.53	16.15
Allowance for doubtful debts / expected credit loss - trade receivable (net)	(384.02)	500.69
Corporate Social Responsibility Expenditure [refer note (a) below]	1,182.25	374.30
Miscellaneous expenses	9,461.09	10,121.12
	45,542.94	50,470.36

* Includes Rs. 3,500 lakhs (Previous Year Rs. 2,000 lakhs) toward contribution to political parties by way of electoral bonds under "The Electoral Bond Scheme, 2018".



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

	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Details of CSR expenditure:		
(i) Gross amount required to be spent by the Company during the year	677.24	358.41
(ii) Amount spent during the year for purposes other than construction/acquisition of any asset	1,182.25 *	374.30 *

* Includes Rs. 100.00 lakhs (FY 31 March, 2019 Rs. 285.00 Lakhs) paid to registered trust for carrying out CSR activities.

As per the general circular and office memorandum issued by the Ministry of Corporate Affairs ("MCA"), any contribution to "PM Cares Fund" shall qualify as CSR expenditure under the Companies Act, 2013.

Further, As per appeal sent by the Secretary of MCA on 30 March 2020 (D.O. No.05/1/2020 – CSR – MCA), if the Company contributes over and above their minimum obligation of amount required to be contributed for CSR, such excess amount can later be offset against the CSR obligation of the Company arising in subsequent years.

Accordingly, the Group contributed a sum of Rs. 1,000 Lakhs to the PM Cares Fund for the year ended 31st March 2020,

In view of the above representation made by the MCA, excess CSR expenditure of Rs. 505.01 lakhs would be available for offset against the Group's future CSR obligation.

NOTE 22 : TAX EXPENSE

Accounting Policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect of situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting profit/ loss nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.



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

	Year ended 31 March, 2020	Year ended 31 March, 2019
a. Income-tax expense recognised in the statement of Profit and Loss		
Current tax		
Current tax on profits for the year	5,727.28	15,087.36
Total current tax expense	5,727.28	15,087.36
Deferred Tax		
Origination and reversal of temporary differences	1,002.89	(60.11)
Total deferred tax (benefit)	1,002.89	(60.11)
Income-tax expense	6,730.17	15,027.25
b. Income-tax expense on other comprehensive income		
Current Tax - Remeasurement of post employment defined benefit obligation	95.81	64.68
Total current tax expense on Other Comprehensive Income	95.81	64.68
Deferred tax - Fair value through other comprehensive income - equity instruments	1,013.62	322.19
Total deferred tax expense / (benefit) recognised in Other Comprehensive Income	1,013.62	322.19
Income-tax expense recognised in Other Comprehensive Income	1,109.43	386.87
c. Reconciliation of statutory rate of tax and the effective rate of tax		
Profit before income tax	35,480.32	53,293.89
Enacted Income tax rate in India applicable to the Company	34.95%	34.95%
Tax on Profit before tax at the enacted Income tax rate in India	12,400.37	18,626.22
Adjustments:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible / Income exempt from tax	(250.93)	229.36
Incentives / additional benefits allowable under Income-tax	(3,485.81)	(4,023.58)
Utilisation of previously unrecognised minimum alternative tax	(1,549.36)	-
Other items	(384.10)	195.25
Total Income tax expense	6,730.17	15,027.25
Effective tax rate	18.97%	28.20%

** Represents unrecognised credit of minimum alternative tax related to earlier years.



NOTE 23: RESEARCH AND DEVELOPMENT EXPENSES

Accounting Policy

The Group's business research and development concentrates on the development of improved finished goods and better operational efficiency. Research costs are expensed as incurred. Expenditure on development that does not meet the specified criteria under Ind AS 38 'Intangible Assets' is recognised as expense as incurred.

Revenue Expenses

Revenue Expenses	Year ended 31 March, 2020					Year ended 31 March, 2019				
	Total	Durgapur	Kochi	Palej	Mundra	Total	Durgapur	Kochi	Palej	Mundra
Raw Materials & Stores Consumed	168.71	23.19	-	132.18	13.34	-	-	-	-	-
Salaries Wages and Bonus	439.34	79.44	61.13	239.02	59.75	393.24	67.58	56.17	212.23	57.26
Contribution to Provident and Other Funds	36.84	7.58	4.20	20.34	4.72	33.26	6.21	3.91	18.54	4.60
Staff Welfare Expense	24.60	1.03	0.79	22.01	0.77	18.51	1.35	1.12	14.89	1.15
Miscellaneous Expenses	312.45	34.99	26.92	224.23	26.31	43.40	3.45	-	39.95	-
Total	981.94	146.23	93.04	637.78	104.89	488.41	78.59	61.20	285.61	63.01

Capital Expenditure (included under Gross Carrying Amount in Note 3(a))

Non-Factory Building

20.24

Plant and Equipment

20.24

1,045.43

1,045.43



	As at 31 March, 2020	As at 31 March, 2019
--	-------------------------	-------------------------

NOTE 24: CONTINGENT LIABILITIES**Accounting Policy**

A disclosure for contingent liabilities is made 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Liabilities for :

(a) (i) Claims against the Group not acknowledged as debts :

Income-tax matters under dispute	253.08	253.08
Excise duty matters under dispute	277.16	403.58
Sales tax matter under dispute	30.13	27.14
Service tax matters under dispute	625.52	625.52
Value added tax matters under dispute	85.86	159.76

(ii) Other money for which the Group is contingently liable

Excise duty matters under dispute	156.53	156.53
-----------------------------------	--------	--------

(b) Outstanding bank guarantees etc.

	1,272.93	1,241.91
--	----------	----------

(c) Guarantees or counter guarantees or counter indemnity given by the Group

On behalf of bodies corporate and others

- Limit	9.00	9.00
- Outstanding	9.00	9.00

It is not practicable for the Group to estimate the timings of the cash outflows, if any, in respect of the above contingent liabilities pending resolution of the respective proceedings.

NOTE 25: COMMITMENTS**Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for

Property, plant and equipment (net of capital advances)	6,031.78	659.77
---	----------	--------

NOTE 26: DIVIDEND ON EQUITY SHARE

Final Dividend for the year ended 31 March 2018 of Rs.1.2/- per share on face value of Rs. 2/- per share	-	2,068.05
Dividend Distribution tax on above	-	425.09
Interim Dividend for the year ended 31 March 2020 of Rs. 7/- per share on face value of Rs. 2/- per share	12,063.65	6,031.83
(31 March 2019 Rs. 3.5/- per share on face value of Rs. 2/- per share)		
Dividend Distribution tax on above	2,479.72	1,239.86
	14,543.37	9,764.83



	Year ended 31 March, 2020	Year ended 31 March, 2019
27 EARNING PER EQUITY SHARE		
<u>Accounting Policy</u>		
Basic earnings per share		
Basic earnings per share is calculated by dividing the profit attributable to owners of the equity by the weighted average number of equity shares outstanding during the financial year.		
The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources		
Diluted earnings per share		
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:		
• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and • the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.		
Basic and Diluted		
(i) Number of Equity Shares outstanding	172,337,860	172,337,860
(ii) Face value of each Equity Share (Rs)	2.00	2.00
(iii) Profit after Tax available for Equity Shareholders (Rs in Lakhs)	28,750.15	38,266.64
(iv) Basic and Diluted earnings per Share (Rs) [(iii)/(i)]	16.68	22.20

The Group does not have any dilutive potential equity shares.



NOTE 28: RELATED PARTY TRANSACTIONS

(a) Holding Company

Name	Type	Place of Incorporation	As at 31 March, 2020	As at 31 March, 2019
Rainbow Investments Limited	Holding Company	India	50.20%	50.20%

(b) Key management personnel of the Company and the Holding Company with whom transactions have taken place

Name	Relationship
i) Sanjiv Goenka	Chairman and Non Executive Director
ii) Shashwat Goenka	Non Executive Director
iii) Preeti Goenka	Non Executive Director
iv) Kaushik Roy	Managing Director
v) O P Malhotra	Non Executive Independent Director
vi) K S B Sanyal	Non Executive Independent Director
vii) Paras K Chowdhary	Non Executive Independent Director
viii) Pradip Roy	Non Executive Independent Director
ix) Kusum Dadoo	Non Executive Independent Director
x) Raj Kumar Gupta	Chief Financial Officer
xi) Kaushik Mukherjee	Company Secretary
xii) Sunil Bhandari	Employee holding Directorship in Holding Company
xiii) Subhrangsu Chakraborty	Person holding Directorship in Holding Company
xiv) Yugesh Kanoria	Person holding Directorship in Holding Company (with effect from 28 June, 2019)

(c) Others with whom transactions have taken place during the year

Name	Relationship
Rainbow Investments Limited	Holding Company
RPG Power Trading Company Limited	Fellow Subsidiary
Trade Apartment Private Limited	Fellow Subsidiary
Dynamic Success Projects Private Limited	Fellow Subsidiary
CESC Limited	Company under the control of the Holding Company as per Ind AS-110
CESC Ventures Limited	Company under the control of the Holding Company as per Ind AS-110
Spencer's Retail Limited	Company under the control of the Holding Company as per Ind AS-110
Guiltfree Industries Limited	Company under the control of the Holding Company as per Ind AS-110
Accurate Commodore Pvt. Limited	Company under the control of the Holding Company as per Ind AS-110 (with effect from 26 March, 2020)
Woodlands Multispeciality Hospital Limited	Fellow Subsidiary
Duncan Brothers & Co. Ltd	Associate of Holding Company
Harrisons Malayalam Limited	Associate of Holding Company
Duncan Agency Senior Staff Superannuation Fund No. 3 (Superannuation Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Employees' Gratuity Fund (Gratuity Fund)	Post Employment Benefit Plan of the Company (Other related parties)
Phillips Carbon Black Limited Staff Provident Institution (Provident Fund)	Post Employment Benefit Plan of the Company (Other related parties)



(e) Details of transaction between the Company and related parties and outstanding balances

Sl. No.	Nature of Transactions	Company under the control of the Holding Company as per Ind AS-110		Associates of Holding Company		Key Management Personnel of the Company & Holding company		Other Related Parties		Total	
		Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
A.	Transactions										
1	Dividend paid on Equity Shares	6,056.08	4,066.22	-	-	-	-	-	-	6,056.08	4,066.22
2	Dividend received on Equity Shares	337.24	295.08	-	-	-	-	-	-	337.24	295.08
3	Dividend received on Preference Shares	190.74	95.50	-	-	-	-	-	-	190.74	95.50
4	Accommodation Charges paid	1.54	-	1.00	0.92	-	-	-	-	2.54	0.92
5	Accommodation Charges recovered	0.28	-	-	-	-	-	-	-	0.28	-
6	Reimbursement of expenses paid	20.50	31.71	-	3.61	-	-	-	-	20.50	35.32
7	Reimbursement of expenses received	452.25	267.05	-	-	-	-	-	-	452.25	267.05
8	Redemption of Preference Shares	4,775.00	-	-	-	-	-	-	-	4,775.00	-
9	Electricity charges paid	2.53	2.46	-	-	-	-	-	-	2.53	2.46
10	Rent Paid	14.18	12.38	-	-	-	-	-	-	14.18	12.38
11	Power Selling expenses paid	218.36	319.66	-	-	-	-	-	-	218.36	319.66
12	Sale of Power	7,551.87	8,577.81	-	-	-	-	-	-	7,551.87	8,577.81
13	Advances given	-	-	-	-	-	-	128.85	179.05	128.85	179.05
14	Advances recovered	-	-	-	-	-	-	135.10	172.58	135.10	172.58
15	Licence Fees	27.95	-	-	-	-	-	-	-	27.95	-
16	Contributions paid	-	-	-	-	-	-	1,161.63	665.08	1,161.63	665.08
17	Remuneration to Key Management Personnel	-	-	-	-	1,641.14	1,342.61	-	-	1,641.14	1,342.61
18	Post-employment benefits to Key Management Personnel	-	-	-	-	55.17	29.60	-	-	55.17	29.60
19	Other long-term benefit to Key Management Personnel	-	-	-	-	21.18	18.47	-	-	21.18	18.47
20	Director's Sitting Fees	-	-	-	-	40.45	27.90	-	-	40.45	27.90
21	Director's Commission	-	-	-	-	1,600.00	900.00	-	-	1,600.00	900.00
22	Loan repaid by Key Management Personnel	-	-	-	-	6.00	6.00	-	-	6.00	6.00
B.	Closing Balances										
1	Receivables	2,820.39	742.88	0.03	8.96	11.50	17.50	0.07	6.31	2,831.99	775.65
2	Payables	-	(9.90)	-	(0.01)	-	-	-	-	-	(9.91)
3	Investments	8,037.94	20,541.08	-	-	-	-	-	-	8,037.94	20,541.08

(d) Terms and Conditions

All other transactions were made on normal commercial terms and conditions and at market rates.
All outstanding balances are unsecured and are repayable in cash.

PHILLIPS CARBON BLACK LIMITED
Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020
(All amounts in Rs. lakhs, unless otherwise stated)
NOTE 29: SEGMENT
Accounting Policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group.

(a) Description of segments and principal activities

Carbon Black : The Group is primarily engaged in production of Carbon Black through its four manufacturing units located at Durgapur, Kochi, Vadodara and Mundra

Power: The Group is also engaged in generation of electricity for the purpose of captive consumptions as well as distribution of surplus to outsiders.

The segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statement. Also the Group's borrowings (including finance costs and interest income), income taxes, investments are managed at head office and are not allocated to operating segments.

Inter-Segment transfers being power consumed for manufacture of Carbon Black are based on price paid for power purchased from external sources. Segment revenue is measured in the same way as in the Statement of Profit and Loss.

Segment assets and liabilities are measured in the same way as in the standalone financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

All non-current assets of the Group (excluding certain financial assets) are located in India.

(b) Segment Revenue, Segment Earnings and other Information as at / for the year ended:-
Segment Revenue :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Revenue from external customers	313,556.80	8,647.65	322,204.45	340,603.47	9,745.69	350,349.16
Other operating Revenues	2,149.30	-	2,149.30	2,506.52	-	2,506.52
Total revenue from operations	315,706.10	8,647.65	324,353.75	343,109.99	9,745.69	352,855.68
Inter-segment revenue	-	6,530.15	6,530.15	-	6,553.59	6,553.59
Total segment revenue	315,706.10	15,177.80	330,883.90	343,109.99	16,299.28	359,409.27

Revenue of Rs 108,807.00 Lakhs (31 March 2019 - Rs 124,715.47 Lakhs) are derived from two external customers in the Carbon Black segment, each of whom contribute to more than 10% of the total revenue.

The Group is domiciled in India. The amount of its revenue from external customers broken down by the location of the customers is shown in table below:

Revenue from external customers (excluding other operating revenues)	Year ended 31st March, 2020	Year ended 31st March, 2019
India	237,026.12	268,493.78
Other countries	85,179.33	81,855.38
Total	322,204.45	350,349.16

Segment Results :

Particulars	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment profit before interest and tax	46,782.75	9,904.84	56,687.59	61,902.96	10,891.06	72,794.02
Reconciliation to Profit before tax	-	-	(4,589.81)	-	-	(3,677.88)
Finance Cost	-	-	355.05	-	-	134.13
Interest Income	-	-	(16,972.51)	-	-	(15,956.38)
Unallocated expenses (Net)	-	-	-	-	-	-
Profit before tax	46,782.75	9,904.84	56,687.59	61,902.96	10,891.06	72,794.02

Depreciation/Amortisation and non cash expenses

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Depreciation/Amortisation	6,721.51	2,312.67	202.03	9,236.21	4,182.00	2,333.38	122.98	6,638.36
Non cash expense	1,328.16	-	-	1,328.16	1,692.24	-	850.00	2,542.24



PHILLIPS CARBON BLACK LIMITED
Notes to Consolidated Ind AS Financial Statements as at and for the year ended 31 March, 2020
(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	31st March, 2020			31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Segment Assets	248,124.95	32,083.14	280,208.09	249,646.74	33,131.66	282,778.40
Reconciliation to total assets						
Investments	-	-	15,508.34	-	-	36,214.01
Other unallocable assets	-	-	35,001.68	-	-	19,719.65
Total assets as per the balance sheet	248,124.95	32,083.14	330,718.11	249,646.74	33,131.66	338,712.06

Particulars	31st March, 2020				31st March, 2019			
	Carbon Black	Power	Unallocated	Total	Carbon Black	Power	Unallocated	Total
Addition to Non current assets other than financial instruments	20,155.59	2,044.28	1,324.24	23,524.11	20,683.50	4,745.00	155.42	25,583.92

The total of segments assets broken down by location of the assets, is shown below:

Assets by geographical location	31st March, 2020	31st March, 2019
India	266,940.85	266,714.60
other countries	13,267.44	16,063.80
Total	280,208.09	282,778.40

Segment Liabilities :

Particulars	31st March, 2020			31st March, 2019		
	Carbon Black	Power	Total	Carbon Black	Power	Total
Total Segment Liabilities	50,015.11	1,633.89	51,649.00	61,681.22	876.75	62,557.97
Reconciliation to total liabilities						
Borrowings	-	-	61,697.47	-	-	79,342.70
Current Tax Liabilities (Net)	-	-	4.37	-	-	538.15
Deferred Tax Liabilities	-	-	25,487.08	-	-	25,671.86
Other Unallocated liabilities	-	-	21,241.64	-	-	5,027.75
Total liabilities as per the balance sheet	50,015.11	1,633.89	160,079.56	61,681.22	876.75	173,138.43



NOTE 30: STATEMENT PURSUING TO REQUIREMENT OF SCHEDULE III TO THE COMPANIES ACT, 2013 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY AND STEP DOWN SUBSIDIARIES

Name of the entity in the group	Net Assets		Share In Profit or Loss		Share In Other Comprehensive Income		Share In Total Comprehensive Income	
	I.e., total assets minus total liabilities							
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent								
Phillips Carbon Black Limited								
31 March, 2020	99.14%	169,168.01	98.61%	28,349.40	101.78%	(9,121.00)	96.74%	19,228.40
31 March, 2019	99.54%	164,807.11	101.53%	38,853.35	157.91%	(309.24)	101.24%	38,544.11
Subsidiaries								
Foreign								
Phillips Carbon Black Cyprus Holdings Ltd								
31 March, 2020	1.24%	2,124.34	-0.06%	(17.97)	0.00%	-	-0.09%	(17.97)
31 March, 2019	1.22%	2,013.28	-0.05%	(20.20)	0.00%	-	-0.05%	(20.20)
PCBL Netherlands Holdings B.V.								
31 March, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March, 2019	1.41%	2,328.97	0.00%	-	0.00%	-	0.00%	-
Phillips Carbon Black Vietnam Joint Stock Company								
31 March, 2020	2.29%	3,909.84	1.65%	475.02	0.00%	-	2.39%	475.02
31 March, 2019	1.09%	1,800.76	-1.35%	(514.84)	0.00%	-	-1.35%	(514.84)
Non-Controlling Interest								
31 March, 2020	0.43%	726.39	0.33%	95.00	-0.53%	46.83	0.71%	141.83
31 March, 2019	0.35%	584.56	-0.27%	(102.87)	-14.50%	28.40	-0.20%	(74.57)
Adjustments								
31 March, 2020	-3.10%	(5,290.08)	-0.53%	(151.30)	-2.26%	200.13	0.25%	48.83
31 March, 2019	-3.60%	(5,961.05)	0.13%	51.30	-43.41%	85.01	0.36%	136.31
TOTAL								
31 March, 2020	100.00%	170,638.55	100.00%	28,750.15	100.00%	(8,874.04)	100.00%	19,876.11
31 March, 2019	100.00%	165,573.63	100.00%	38,266.64	100.00%	(125.83)	100.00%	38,070.81

Note: PCBL Netherlands Holdings B.V. a wholly owned subsidiary on Phillips Carbon Black Cyprus Holdings Limited, has been liquidated during the year 31 March, 2020 in accordance with the local laws of Netherlands.



NOTE 31: FAIR VALUE MEASUREMENT

(i) The carrying and fair value of financial instruments by category as at the end of the year are as follows:

	As at 31st March, 2020			As at 31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments						
- Equity instruments	-	13,556.66	-	-	24,443.27	-
- Preference Shares	1,951.68	-	-	5,764.46	-	-
- Mutual Funds	-	-	-	6,006.28	-	-
Trade receivables	-	-	58,824.46	-	-	65,265.78
Loans	-	-	1,475.76	-	-	1,551.90
Cash and cash equivalents	-	-	14,942.06	-	-	11,357.14
Other bank balances	-	-	268.01	-	-	180.52
Derivative financial assets	2,155.18	-	-	-	-	-
Other Financial Assets	-	-	236.77	-	-	333.52
Total financial assets	4,106.86	13,556.66	75,747.06	11,770.74	24,443.27	78,696.86
Financial liabilities						
Borrowings	-	-	54,468.36	-	-	72,565.16
Current maturities of long term debt	-	-	7,229.11	-	-	6,777.54
Derivative financial liabilities	-	-	-	746.03	-	-
Trade payables	-	-	41,877.45	-	-	50,828.64
Other financial liabilities	-	-	21,393.90	-	-	6,422.32
Total financial liabilities	-	-	124,968.82	746.03	-	136,593.66

(ii) Fair Value

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) In respect of investments in listed equity instruments, the fair values represents available quoted market price at the Balance Sheet date.

(c) The fair value of derivative contracts (foreign exchange forward contracts and Currency and Interest rate swaps) is determined using discounted cash flow analysis and swaps and options pricing models.

(d) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain non-current loans which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(iii) Fair value of financial assets and liabilities measured at amortised cost

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

(iv) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measures at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. Explanation of each level follows underneath the table:

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at 31st March, 2020				As at 31st March, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVPL								
Investments in mutual funds	-	-	-	-	6,006.28	-	-	6,006.28
Investments in preference shares	-	-	1,951.68	1,951.68	-	-	5,764.46	5,764.46
Foreign-exchange forward contract	-	2,155.18	-	2,155.18	-	-	-	-
Financial assets at FVOCI								
Investments in equity instruments	8,057.97	-	5,498.69	13,556.66	16,084.33	-	8,358.94	24,443.27
Total financial assets	8,057.97	2,155.18	7,450.37	17,663.52	22,090.61	-	14,123.40	36,214.01
Financial liabilities								
Financial liabilities at FVPL								
Foreign-exchange forward contract	-	-	-	-	-	746.03	-	746.03
Total financial liabilities	-	-	-	-	-	746.03	-	746.03

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have net asset value as stated by the issuers in the published statements. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.



Some of the Group's financial assets are carried at fair value for which Level 3 inputs have been used. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Valuation inputs and relationship to fair value

Particulars	Fair Value at		Valuation Technique	Significant unobservable input	Sensitivity	
	31st March, 2020	31st March, 2019			31st March, 2020	31st March, 2019
Unquoted equity shares	5,498.69	8,358.94	Discounted cash flow	Earning growth rate / Discounting rate	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs. 105.23 Lakhs Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 77.49 Lakhs	Increase in earning growth rate by 1% and lower discount rate by 1% would increase fair value by Rs. 46.55 Lakhs Decrease in earning growth rate by 1% and higher discount rate by 1% would decrease fair value by Rs. 39.28 Lakhs
Unquoted Preference shares	1,951.68	5,764.46	Discounted Amortized cost	Discounting rate to determine PV	Decrease in discount rate by 1% will increase the fair value by Rs. 227.48 lakhs Increase in discount rate by 1% will decrease fair value by Rs. 190.28 Lakhs.	Decrease in discount rate by 1% will increase the fair value by Rs. 115.32 lakhs Increase in discount rate by 1% will decrease fair value by Rs. 109.82 Lakhs.
Investment Property-Land	539.42	514.06	Fair market price	Discount for limited market activity	Decrease in discount rate by 1% will increase the fair value by Rs. 6.74 lakhs Increase in discount rate by 1% will decrease fair value by Rs. 6.74 Lakhs.	Decrease in discount rate by 1% will increase the fair value by Rs. 6.86 lakhs Increase in discount rate by 1% will decrease fair value by Rs. 6.86 Lakhs.

Valuation process :

The main level 3 inputs for unquoted equity shares and unquoted preference share used by the Group are derived and evaluated as follows:

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.



NOTE 32: FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises of borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the operations of the Group. The Group's principal financial assets include trade and other receivables, loans, investments and cash & cash equivalents that derive directly from its operations.

The Group's business activities are exposed to a variety of risks including liquidity risk, credit risk and market risk. The Group seeks to minimize potential adverse effects of these risks by managing them through a structured process of identification, assessment and prioritization of risks followed by coordinated efforts to monitor, minimize and mitigate the impact of such risks on its financial performance and capital. For this purpose, the Group has laid comprehensive risk assessment and minimization/mitigation procedures, which are reviewed by the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks by way of properly defined framework. The Group does not enter into derivative financial instruments for speculative purposes.

(A) Credit risk

Credit risk refers to risk of financial loss to the Group if customers or counterparties fail to meet their contractual obligations. The Group is exposed to credit risk from its operating activities (mainly trade receivables) and from its investing activities (primarily deposit with banks and investment in mutual funds).

(i) Credit risk management

(a) Trade Receivable

Customer credit risk is managed by the Group through its established policies and procedures which involve setting up credit limits based on credit profiling of individual customers, credit approvals for enhancement of limits and regular monitoring of important developments viz. payment history, change in credit rating, regulatory changes, industry outlook etc. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for each major customer. In addition, small customers are grouped into homogeneous groups and assessed for impairment collectively. The Group also has a policy to provide for all receivables which are overdue for a period over 365 days. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or reversal thereof.

Reconciliation of loss allowance provision - Trade receivable are as follows:

Particulars	Year ended	
	31-Mar-20	31-Mar-19
Loss allowance at the beginning of the year	1,347.84	847.15
Change / (reversal) in allowance during the year (net)	(384.02)	500.69
Loss allowance at the end of the year	963.82	1,347.84

(b) Deposits and financial assets (Other than trade receivables):

The Group maintains exposure in cash and cash equivalents, term deposits with banks and money market liquid mutual fund schemes. Investments of surplus are made within assigned credit limits with approved counterparties who meet the threshold requirements with respect to ratings, financial strength, credit spreads etc. Counterparty credit limits are set to minimize concentration risk and are reviewed periodically by the Board.



NOTE 32: FINANCIAL RISK MANAGEMENT**(B) Liquidity Risk**

Liquidity risk implies that the Group may not be able to meet its obligations associated with its financial liabilities. The Group manages its liquidity risk on the basis of the business plan that ensures that the funds required for financing the business operations and meeting financial liabilities are available in a timely manner and in the currency required at optimal costs. The Management regularly monitors rolling forecasts of the Group's liquidity position to ensure it has sufficient cash on an ongoing basis to meet operational fund requirements. The surplus cash generated, over and above the operational fund requirement is invested in bank deposits / marketable debt securities / debt mutual fund schemes of highly liquid nature to optimize cash returns while ensuring adequate liquidity for the Group.

Additionally, the Group has committed fund and non-fund based credit lines from banks which may be drawn anytime based on Group's fund requirements. The Group maintains a cautious liquidity strategy with positive cash balance and undrawn bank lines throughout the year.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

Contractual maturity of financial liabilities	Upto 1 year	1 Year to 3 year	3 year to 5 year	More than 5 years	Total
31 March, 2020					
Borrowings (including current maturities)	40,196.07	17,270.45	4,230.95	-	61,697.47
Trade payable	41,877.45	-	-	-	41,877.45
Other financial liabilities (excluding current maturities of non current borrowings)	10,840.21	3,404.89	2,933.01	4,415.79	21,393.90
	92,713.73	20,675.34	7,163.96	4,415.79	124,968.82
31 March, 2019					
Borrowings (including current maturities)	52,276.67	16,133.33	10,932.70	-	79,342.70
Trade payable	50,828.64	-	-	-	50,828.64
Other financial liabilities (excluding current maturities of non current borrowings)	7,168.35	-	-	-	7,168.35
	110,273.66	16,133.33	10,932.70	-	137,339.69



NOTE 32: FINANCIAL RISK MANAGEMENT

(C) Market Risk

Market risk is the risk that the fair value of future cash flow of financial instruments may fluctuate because of changes in market conditions. Market risk broadly comprises three types of risks namely currency risk, interest rate risk and price risk (for commodities or equity instruments). The above risks may affect the Group's income and expenses and / or value of its investments. The Group's exposure to and management of these risks are explained below

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group operates in international markets and therefore is exposed to foreign currency risk arising from foreign currency transactions. The exposure relates primarily to the Group's operating activities (when the revenue or expense is denominated in foreign currency), borrowings in foreign currencies and investment in overseas subsidiaries. Over ninety percent of Group's foreign currency transactions are in USD while the rest are in EURO, JPY and GBP. The risk is measured through forecast of highly probable foreign currency cash flows.

The Group's risk management policy is hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross currency interest rate swaps. The objective of the hedging is to eliminate the currency risk due to volatility in exchange rates.

(a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	31-Mar-20			31-Mar-19		
	INR equivalent of			INR equivalent of		
	USD	EUR	GBP	USD	EUR	GBP
Financial assets						
Trade receivables	10,811.16	819.44	-	15,137.27	552.47	-
Derivative assets						
Foreign exchange forward contracts						
Sell foreign currency	(752.06)	-	-	-	-	-
Net exposure to foreign currency risk (assets)	10,059.10	819.44	-	15,137.27	552.47	-
Financial liabilities						
Foreign currency loan	12,646.65	-	-	43,906.50	-	-
Trade payables	28,879.57	(521.49)	16.34	37,498.56	116.39	18.33
Derivative liabilities						
Foreign exchange forward contracts						
Buy foreign currency	(31,941.82)	-	-	(67,095.68)	-	-
Net exposure to foreign currency risk (liabilities)	9,584.40	(521.49)	16.34	14,309.38	116.39	18.33
Net exposure to foreign currency risk (Assets- Liabilities)	474.70	1,340.93	(16.34)	827.89	436.08	(18.33)

(b) Sensitivity

A fluctuation in the exchange rates of 1% with other conditions remaining unchanged would have the following effect on Group's profit or loss before taxes as at 31 March 2020 and 31 March 2019:

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
USD sensitivity		
INR/USD- Increase by 1%*	4.75	8.28
INR/USD- Decrease by 1%*	(4.75)	(8.28)
EUR sensitivity		
INR/EUR- Increase by 1%	13.41	4.40
INR/EUR- Decrease by 1%	(13.41)	(4.40)
GBP sensitivity		
INR/GBP- Increase by 1%	(0.16)	(0.18)
INR/GBP- Decrease by 1%	0.16	0.18

* Holding all other variable constant



(II) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of change in market interest rates relates primarily to its debt interest obligations. Its borrowings are at floating rates and its future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	31 March, 61,697.47	31 March, 2019 79,342.70
Total borrowings (including current maturities)		

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	FY 2019-20	FY 2018-19
Interest Rates - Increase by 50 basis points (50 bps) *	(308.49)	(358.67)
Interest Rates - Decrease by 50 basis points (50 bps) *	308.49	358.67

* Holding all other variable constant

(III) Security Price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Group invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments). certain quoted equity instruments and bank fixed deposits. To manage its price risk arising from investments in mutual funds and equity instruments, the Group diversifies its portfolio. Mutual fund and equity 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.

(a) Securities Price Risk Exposure

The Group's exposure to securities price risk arises from investments in mutual funds and equity instruments held by the Group and classified in the Balance Sheet as fair value through profit or loss/fair value through other comprehensive income is disclosed under Note 31.

(b) Sensitivity

The sensitivity of profit or loss to changes in Net Assets Values (NAVs) as at year end for investments in mutual funds.

	Impact on profit before	
	FY 2019-20	FY 2018-19
NAV of mutual funds/Market price of quoted equity instruments - Increase by 1%*	-	60.06
NAV of mutual funds/Market price of quoted equity instruments - Decrease by 1%*	-	(60.06)

* Holding all other variable constant

(D) Commodity Price Risk

Commodity price risk results from changes in market prices for raw materials, mainly carbon black feedstock which forms the largest portion of Group's cost of sales.

The Group endeavors to reduce such risks by maintaining inventory at optimum level through a highly probable sales forecast on quarterly basis and also through worldwide purchasing activities. Raw materials are purchased exclusively to cover Group's own requirements. Further, a significant portion of Group's volume is sold based on formula-driven price adjustment mechanism which allows for recovery of the changed raw material cost from customers. The Group also endeavors to offset the effects of increases in raw material costs through price increases in its non-contract sales, productivity improvement and other cost reduction efforts. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.



NOTE 33 : CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, all other equity reserves and long term borrowed capital less reported cash and cash equivalents.

The primary objective of the Group's capital management is to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to maximise shareholder's value.

The Group's policy is to borrow primarily through banks to maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations are utilised for operations of the Group.

The Group monitors capital on the basis of cost of capital. The Group is not subject to any externally imposed capital requirements.

The following table summaries the capital of the Group:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Long Term Borrowings (including current maturities of long term debt)	28,730.51	34,140.81
Short Term Borrowings	32,966.96	45,201.89
Less: Cash and cash equivalents	14,942.06	11,357.14
Total Borrowing (Net)	46,755.41	67,985.56
Total equity	170,638.55	165,573.63
Total Capital (Equity+Net Debt)	217,393.96	233,559.19

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

34. In view of the lockdown across the country due to the COVID-19 pandemic, the manufacturing operations of the Group across all its locations had been suspended temporarily in compliance with the directives/orders issued by the relevant authorities. The Group has made detailed assessments of the recoverability and carrying values of its assets comprising property, plant and equipment, inventories, receivables and other current assets as at the balance sheet date and on the basis of evaluation, has concluded that no material adjustments are required in the consolidated financial results. The Group is taking all the necessary steps and precautionary measures to ensure smooth functioning of its operations and to ensure the safety and well-being of all its employees. Given the criticalities associated with nature, condition and duration of COVID-19, the impact assessment on the Group's financial statements will be continuously made and provided for as required.

Subsequent to year end, Group's plants across all its locations have resumed operations as per government guidelines and directives prescribed.

35. Figures of the previous year has been regrouped/rearranged to confirm current year's presentation.

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number 301003E/E300005
Chartered Accountants

Kamal Agarwal
Partner
Membership Number 058652

Kolkata
Date: June 23, 2020

For and on behalf of Board of Directors of Phillips Carbon Black Limited

Kaushik Roy
Managing Director
(DIN: 06513489)

Kaushik Mukherjee
Company Secretary

Kusum Dadoo
Director
(DIN: 06967827)

Raj Kumar Gupta
Chief Financial Officer

K. S. B. Sanyal
Director
(DIN: 00009497)



Form AOC-I

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. in lakhs)

Sl. No.	Name of the subsidiary	2019-20	
		1	2
		Phillips Carbon Black Cyprus Holdings Ltd	Phillips Carbon Black Vietnam Joint Stock Company
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro	VND
3	Share capital	83.28	0.003185
4	Reserves & surplus	15.09	3,829.50
5	Total assets	2,109.26	80.34
6	Total Liabilities	2,913.28	4,282.94
7	Investments	788.94	373.11
8	Turnover	2,526.08	-
9	Profit before taxation	-	-
10	Provision for taxation	(16.99)	469.72
11	Profit after taxation	0.98	(5.30)
12	Proposed Dividend	(17.97)	475.02
13	% of shareholding	100%	80%

Notes : The following information shall be furnished at the end of the Statement:

- Names of subsidiaries which are yet to commence operations
Phillips Carbon Black Cyprus Holdings Ltd
Phillips Carbon Black Vietnam Joint Stock Company
- Names of subsidiaries which have been liquidated during the year
PCBL Netherlands Holdings B.V.



Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures		NA
1	Latest audited Balance Sheet Date	-
2	Shares of Associates / Joint Ventures held by the company on the year end No. Amount of Investment in Association / Joint Venture Extent of Holding %	-
3	Description of how there is significant influence	-
4	Reason why the associate/Joint venture is not consolidated	-
5	Networth attribute to Shareholding as per latest audited Balance Sheet	-
6	Profit / Loss for the year	
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	-
1.	Names of associates or joint ventures which are yet to commence operations.	NA
2.	Names of associates or joint ventures which have been liquidated or sold during the year.	NA