



TAMILNADU PETROPRODUCTS LIMITED

**33RD ANNUAL REPORT
2017-18**



Board of Directors*

| | | |
|------------------------------|--------------|-------------------------------------|
| K Gnanadesikan, I.A.S | DIN:00111798 | Chairman |
| Ashwin C Muthiah | DIN:00255679 | Vice Chairman |
| Ramesh Chand Meena, I.A.S | DIN:08009394 | Additional Director |
| S Visakan, I.A.S | DIN:06578414 | Additional Director |
| C Ramachandran, I.A.S (Retd) | DIN:00050893 | Director |
| N R Krishnan, I.A.S (Retd) | DIN:00047799 | Director |
| Dhananjay N Mungale | DIN:00007563 | Director |
| Dr K U Mada | DIN:00011395 | Director |
| Sashikala Srikanth | DIN:01678374 | Director |
| D Senthikumar | DIN:00202578 | Whole Time Director (Operations) |
| K T Vijayagopal | DIN:02341353 | Whole Time Director (Finance) & CFO |

* As on 5th June 2018

Company Secretary

K Priya

Registered Office & Factory

Manali Express Highway
Manali, Chennai – 600 068
Tel: 25945588, Fax: 25945588
CIN:L23200TN1984PLC010931
E Mail: secy-legal@tnpetro.com, Website: www.tnpetro.com

Registrar & Share Transfer Agent (RTA)

Cameo Corporate Services Limited
"Subramanian Building", 1, Club House Road
Chennai – 600 002

Auditors

R.G.N. Price & Co,
Chartered Accountants,
"Simpsons Buildings",
No:861 Anna Salai,
Chennai – 600 002

Cost Auditor

Krishnaswamy & Co
Flat 1K, Ramaniyam Ganga,
Door No: 27-30, First Avenue,
Ashok Nagar, Chennai – 600 083.

Secretarial Auditor

B Chandra
Company Secretaries,
AG3, Ragamalika,
No: 26 Kumaran Colony Main Road,
Vadapalani, Chennai – 600 026.

Internal Auditors

Sundar Srin & Sridhar
Chartered Accountants,
1st Floor, New No: 9 Rajamannar Street
T Nagar, Chennai – 600 017

Bankers

IDBI Bank Ltd
IndusInd Bank Ltd
State Bank of India
The Federal Bank Ltd

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DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Third Annual Report together with the Audited Financial Statements for the year ended 31st March 2018. The Management Discussion & Analysis Report which is required to be furnished as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) is also presented as part of the Directors' Report.

Economic Overview:

India has emerged as the fastest growing major economy in the world in the recent past. Though the GDP growth slowed down during the year under review to 6.5 percent lower than the previous year's 7.1 percent, it is expected to grow at 7.3 percent in 2018-19. Reports suggest that in the long run the overall consumption in India is expected to be four trillion \$ by 2025 due to shift in consumer behavior and expenditure pattern.

With the effects of demonetization in 2016-17 and implementation of GST in 2017-18 having subsided, the growth prospects in the coming years appear to be bright. Further the focus on the rural economy in the budget for 2018-19 promises to increase the availability of disposable surplus in the hands of the consumers, which augurs well for fast moving consumer goods.

Company Performance:

During the year under review the net revenue from operations was ₹ 1048.90 crore Vis a Vis ₹ 888.85 crore in the previous year. Linear Alkyl Benzene (LAB) production was highest in the history of TPL and combined with improved performance of Heavy Chemicals Division (HCD), your Company could record better sales and profits.

FINANCIAL SUMMARY (STANDALONE OPERATIONS):

During the year under review your Company has prepared the financial statements under the Ind AS and the summary of the results are as shown below:

(₹ In crore)

| Description | 2017- 2018 | 2016-2017 |
|---|--------------|-----------|
| Earnings Before Interest and Depreciation | 95.12 | 66.82 |
| Interest | 10.21 | 34.35 |
| Depreciation | 22.22 | 15.76 |
| Exceptional Item | 9.22 | 25.00 |
| Profit Before Tax | 71.91 | 41.71 |
| Tax expenses | 25.20 | 32.41 |
| Profit after tax | 46.71 | 9.30 |

From the above table it could be seen that the profitability improved significantly on account of the improved operational parameters.

Though crude prices continued to remain volatile ranging between USD 52 and USD 69 per barrel through better strategy and inventory management, the Company could achieve higher margins.

The Chlor Alkali Division producing Caustic Soda and Chlorine achieved a turnaround during the year, mainly on account of increased demand for both Caustic soda and chlorine. This coupled with higher realizations and improved plant efficiency helped in better performance.

The ECH plant remains shutdown since April 2013 on account of continuous losses incurred and the proposal for converting the facility for manufacture of Propylene Oxide (PO) is under implementation.

FINANCIAL REVIEW

Through prudent deployment of funds and optimum utilization of working capital limits, your Company could bring down the finance cost from ₹ 8.85 crore in 2016-17 to ₹ 4.87 crore in 2017-18. The figures reflected here exclude interest on tax demands which are grouped under Finance Costs as per Accounting Standards.

At present your Company has no long term debt and all the capex requirements are met from internal accruals. Based on the improved performance, CARE the credit rating agency has improved the Company's credit rating to BBB with outlook stable from BBB- (minus).

DIVIDEND

Your Company's performance has improved significantly during the year 2017-18 and it is viewed that it would be desirable to restart dividend to fulfill the expectations of the shareholders. Hence your Directors have recommended a dividend of 5% i.e fifty paise per equity share of ₹10/- each fully paid up, for the year 2017-18, aggregating to ₹ 4.50 crore, excluding dividend distribution tax.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Linear Alkyl Benzene (LAB) belongs to family of organic compounds used in the manufacture of household and industrial cleaning agents. LAB, the material used to produce Linear Alkyl Benzene Sulfonate (LAS) and other applications, is produced exclusively from various petroleum derivatives. LAB is a compound that has significant commercial importance and enjoys a good demand from the detergent industry. The applications for LAS have been further segmented on the basis of end use viz., heavy duty laundry liquids, light duty dishwashing liquids, laundry powders, industrial and household cleaners.

Detergent industry is expected to grow at a fast pace due to both population increase and lifestyle changes. The Asian region is both the largest LAB producing and consuming region in the world. At present the major suppliers are from India and China, but new capacities are coming up in Middle East region.

In India, the LAB industry dates back to 1978 with the commissioning of first LAB plant by IPCL at Vadodara. IPCL was later acquired by Reliance Industries Limited (RIL). Years later TPL, RIL and Nirma set up facilities across India, as import substitution. However, in the recent years, the industry is facing stiff competition from imports mainly from China and Middle East due to globalization and changed import regulations.

As mentioned earlier LAB is used extensively in detergent production though it is also usable as solvent and binder in specialty applications, such as cable oil, ink, paint, and insulating and electricity fields.

All the major manufacturers of LAB in India, including TPL, have adopted the technology from UOP, USA, which is considered superior to the other processes involving chlorination. The cost of production of LAB in India had been relatively higher than the international standards mainly on account of higher cost of kerosene and quality issues relating to the feedstock.

The domestic players always find it difficult to compete with the overseas suppliers who have modern facilities with large capacity which helps them in achieving lower cost of production.

Caustic Soda, a most commonly used industrial chemical, finds wide applications in textile, pulp & paper, aluminum and soaps &

detergents industries. The annual increase in demand is expected to be around 5%. As the process is power intensive, the national level capacity utilization is about 70% of the aggregate capacity of around 3.5 million tons. Plants all around the globe are currently converting to newer membrane technology which your Company has already embraced.

Chlorine, a co-product of Caustic Soda is widely used in sectors like Vinyl chloride, Chlorinated paraffin wax (CPW), pulp and paper, water purification, chlorinated solvents, etc. Chlorine demand will be a major driver for Chlor-alkali capacity utilisation. Lack of integrated plants and downstream chlorine utilization projects are major impediments to dispose off chlorine which also in turn restricts the caustic production.

OPPORTUNITIES AND THREATS

Concern about hygiene and improved standard of living has helped in considerable improvement of market conditions for detergents and other cleaning materials. With the help of visual advertisements, the detergent manufacturers have found it easier to reach remote areas. Moreover, consumers have the privilege of choosing from a wide variety of product range and hence the companies are constantly upgrading their products and making every effort to maximize their market share through innovative advertising campaigns. Since these companies target the bottom of the pyramid market, there is a huge potential for the LAB industry to grow.

However, India being an attractive market it is targeted by the overseas LAB players which has resulted in increased imports to India. Addition of new plants in the Middle East is a big threat to the LAB market in India. Also, a new plant set up in Bangkok about a year ago, could be a major threat to the Company in the form of increased imports. Though there have been no significant increase in supplies to the South, this could continue to be a factor in pricing and margins.

Caustic Soda continues to be an important industrial intermediary finding application in many industries. With the demand for textiles and apparels increasing on account of urbanization and larger spending on personal effects, the market for Caustic Soda is expected to grow further.

In European Union, phasing out of mercury cell technology has been mandated and so many old chlor alkali plants are being shut down resulting in curtailed supplies. This brought down the otherwise higher imports into India and so the Company could increase its production to optimum levels and earn better margins. This trend is expected to continue atleast for a year, till the new plants come up in the EU and other places.

As explained earlier, Caustic manufacturing is highly power intensive and so the ever increasing cost of power is limiting the ability of the domestic producers to face competition from overseas producers. Further, due to erratic weather conditions, salt prices are unpredictable, which further affects the viability of the domestic products.

OUTLOOK

LAB

TPL has established itself as a major player in the LAB market, despite stiff competition from overseas suppliers. Through exemplary services TPL has managed to keep the customer base intact over the years. TPL has been able to sustain its market share across India with a predominant role in southern part of India. Demand for detergents is expected to go up in the coming years with more rural and semi-urban households moving to higher use of detergents which would help the Company in further improving its LAB business.

Having stabilized the first phase of the Normal Paraffin (NP) debottlenecking project during the year under review, the next phase of the project would be taken up during 2018-19 and would be made fully operational in 2019-20. With the demand for LAB looking up, options to further increase the existing capacity and/or look at setting up new facilities in other locations including overseas are also explored.

During the year, Anti-Dumping Duty (ADD) was imposed on import of LAB from China, Qatar and Iran which is expected to provide the domestic LAB manufacturers a level playing field. However the import volumes from Saudi Arabia are still a concern though it is not expected to have any significant impact in South India as they mainly come to the west coast.

Caustic Soda / Chlor alkali

As explained earlier, the EU moving out of mercury cell technology is expected to sustain the demand-supply mismatch for a year or two, curtailing the imports into India. During this period, the Company would strive to regain its position in the market and enlarge the customer base.

Sustenance and growth of the Caustic Soda business depends on the opportunities for Chlorine disposal. Since there are no major projects in Chlorine-consuming downstream industry the domestic players have to explore other options. As regards TPL, once the new Propylene Oxide facility is commissioned, the prospects for further in-house consumption of chlorine would open-up paving way for higher caustic manufacture. Also the Company has recommended supply of chlorine in cylinders, which would further expand the chlorine disposal.

CONVERSION OF ECH FACILITY TO PRODUCE PROPYLENE OXIDE

The ECH facility had to be shutdown due to huge losses and remained dormant since April 2013. As reported in the previous year, the Company is implementing the project for conversion of the dormant facilities to produce Propylene Oxide which is the raw material for manufacture of petrochemical derivatives such as Propylene Glycol and Polyol. It may be noted that TPL will be the second producer of PO in the country. To start with the Company has made arrangements for sale of the entire quantity of PO to be produced, but in future options for setting up derivative plants would also be looked at.

The project is expected to be operational during the year 2018-19 upon which the caustic production would also be augmented for optimizing the earnings of the Company.

RISKS, CONCERNS AND RISK MANAGEMENT

As explained earlier, import of LAB, Caustic Soda and Chlorine in indirect form into the country continues to be a major risk faced by TPL. Though the Company, along with the other domestic players, succeeded in imposing Anti-Dumping Duty on LAB imports from China, so far no major impact has been seen in the pricing. Thus product pricing and pressure on margins would be the major issues to be tackled by the Company to sustain and grow its operations.

At present the Company's in-house Normal Paraffin capacity is not adequate to meet the entire requirement of the LAB plant and so the uncertainty emanating from the normal paraffin imports is another major risk faced by the Company. However, this has been mitigated to some extent through completion of the first phase of the debottlenecking of the NP plant and further relief is expected once the 2nd phase is also completed.

The inconsistent Total Normal Paraffin (TNP) content in Kerosene and issues faced by refineries in evacuation of kerosene due to fall in consumption of PDS kerosene across the Country could affect the feed-stock availability and so would be a concern in future.

The additional commitment arising from renewable energy purchase obligation could further increase the power cost, impacting the profitability of the chlor alkali division.

Apart from the above, petitions have been filed against the marine disposal of the treated effluent before the National Green Tribunal, which are defended by the Company. It may be noted that the Company is complying with all the parameters fixed for such disposal and so is confident of facing the challenges in this regard.

RISK MANAGEMENT PROCESS

The Company has a structured methodology to effectively monitor and manage the risks by setting up two employee level and one Board level committees to identify the risks, suggest, mitigation actions and monitor implementation. The employee-level sub-committee comprise of senior personnel from each function and the Apex Committee is headed by the WTD (Operations) with functional heads as other Members.

As on 31st March 2018 the Risk Management Committee of the Board comprised Ms. Sashikala Srikanth as the Chairperson, and Mr. D Senthikumar, as Member. During the year the Committee met four times viz. 16th May 2017, 5th September 2017, 6th December 2017 and 6th February 2018.

In the opinion of the Directors, unabated import of LAB into India is a major risk for the Company that could affect its profitability. High cost of power coupled with policy interpretations related to power cost are yet another concern for the Company, especially for the Chlor Alkali Division.

SAFETY, HEALTH & ENVIRONMENT

Adequate safety standards have been prescribed and being followed by the Company without any compromise. Prime importance is given to protection of the employees, plant and machinery and environment at all times. National Safety Day was celebrated as a month long event with a great spirit to enhance awareness amongst the employees and contractors. As part of this celebrations various competitions were conducted for employees and other stakeholders to reiterate our commitment towards safety. Safety Exhibition was organised and all safety & fire equipment, demo on 'Fire Safety', 'Chemical protective suit' and 'Sprinkler system' were displayed.

World Environment Day is also celebrated every year and tree plantation programs are organized for planting saplings towards green initiative to promote carbon offset.

SUBSIDIARIES

As at the year end, your Company had one Wholly Owned Subsidiary (WOS) and two Step down Subsidiaries (SDS), all of which are incorporated outside India. The financials of all these subsidiaries have been consolidated and the salient features of financial and other information have been furnished in the Consolidated Financial Statement (CFS) attached to this Report.

Certus Investment and Trading Ltd

Certus Investment and Trading Ltd. (CITL), Mauritius was promoted as a Special Purpose Vehicle (SPV) to set up LAB and NP projects in the Middle East and South East Asia. However, due to changed business environment, the projects could not be taken up. At present the WOS is not carrying on any major activity, though options for setting up LAB Plants abroad are being explored.

Certus Investment and Trading Singapore Private Limited

In the past TPL was exporting a large quantity of LAB and also importing various materials, such as NP, Benzene, etc. Therefore

CITL, Mauritius set up CITL Singapore as a WOS in order to function as a coordinator for TPL's overseas procurement and marketing activities. At present there are no significant exports or imports and so the above Step Down Subsidiary (SDS) is not engaged in any activities.

Proteus Petrochemical Private Ltd.

Proteus Petrochemical Private Ltd. (Proteus) is another WOS of CITL formed for setting up a Normal Paraffin (NP) plant in Singapore. The proposal was to establish a green-field NP project plant along with associated utilities and off-sites. However after initial engineering, the project encountered certain problems and so the implementation could not commence. At present the SDS is not carrying on any activities.

HUMAN RESOURCES

Management strongly believes that the strength of your Company is directly proportional to the strength of its employees in terms of the knowledge, experience, analytical and decision making skills. Your Company has been practising various HR initiatives such as recognition, empowerment, personality development, decentralization of delegation of powers etc., to retain the talents and to enhance their capabilities. A balanced staffing system has been adopted in your Company wherein competent fresh talents have been infused into the stream of experienced hands.

The training needs of employees have been identified at regular intervals through performance appraisal systems and necessary training is being imparted through in-house and external programmes.

The manpower strength as on 31st March 2018 was 367.

Details of Loans, guarantees or investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to financial statements provided in this Annual Report.

Fixed Deposits

Your Company has not accepted any deposits from the public during the year under report.

Related Party Transactions

During the year under review, there were no transactions not at arms' length within the meaning of Section 188 of the Companies Act, 2013 ("the Act") or any material transactions with the related parties in terms of the policy framed by the Audit Committee of the Company as published in the website of the Company viz., <http://tnpetro.com/corporate-governance-policies/>.

Audit Committee

The details are furnished under the Corporate Governance Report (CGR) annexed to this Report. All the recommendations of the Committee were accepted by the Board.

Vigil Mechanism

As required under Section 177 of the Act and Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company has established a vigil mechanism for directors and employees to report genuine concerns through the Whistle Blower Policy of the Company as published in the website of the Company. As prescribed under the Act and the Listing Regulations, provision has been made for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

Board of Directors and related disclosures

As at the year end, the Board comprised of ten directors of whom five were independent, including a woman director. All the

Independent Directors have furnished necessary declarations under Section 149 (7) of the Act and as per the declarations they meet the criteria of independence as provided in Section 149 (6) of the Act.

The Board met four times during the year under review and the relevant details are furnished in the CGR.

The Board has approved the Remuneration Policy as recommended by the Nomination and Remuneration Committee (NRC) which inter alia contains the criteria for determining the positive attributes and independence of a director as formulated by the NRC. The policy on remuneration is available in the website of the Company viz., <http://tnpetro.com/corporate-governance-policies/>.

The following changes took place in the constitution of the Board since the last Annual General Meeting (AGM)

- Mr T K Arun (DIN: 02163427) and Mr R. Karthikeyan (DIN: 00824621) nominees of TIDCO resigned on 9th November 2017 and 3rd January 2018 respectively.
- Mr. Ramesh Chand Meena, IAS (DIN: 08009394) was appointed as an Additional Director of the Company representing TIDCO on 16th January 2018 and holds office till the ensuing AGM.
- Mr. Atulya Misra, IAS (DIN: 02210369) resigned as Chairman and Director effective 2nd February 2018.
- Mr. K Gnanadesikan, IAS (DIN: 00111798) was appointed as an Additional Director and Chairman effective 6th February 2018 and holds office till the ensuing AGM
- Mr. Kulbir Singh (DIN: 00204829) vacated office effective from 17th November 2017 due to operation of law.
- Mr. S Visakan, IAS, (DIN: 06578414) was appointed as an Additional Director of the Company representing TIDCO on 5th June 2018 and holds office till the ensuing AGM.

The Board wishes to place on record its appreciation to Mr. Atulya Misra, IAS, Mr T K Arun, Mr Kulbir Singh and Mr R Karthikeyan for their services during their tenure as Directors of the Company.

Proposals have been received for the appointment of Mr. Ramesh Chand Meena, IAS, Mr. K Gnanadesikan, IAS and Mr. S Visakan, IAS as Directors under Sec.160 of the Act at the ensuing AGM. Since their appointments have been recommended by the Nomination and Remuneration Committee, there is no requirement of security deposit for the above proposals. Proposal for approving the increased remuneration to Mr. D Senthikumar, the Whole-time Director (Operations) would be considered at the ensuing AGM for consideration and approval of the Members.

Ms. K Priya was appointed as the Company Secretary in the place of Mr. D. Hem Senthil Raj from 25th September 2017.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Ashwin C Muthiah, Director retires by rotation and being eligible offers himself for re-election at the ensuing Annual General Meeting of the Company.

Annual Evaluation of the Board, Committees and Directors

The performance of the Board was evaluated taking the following aspects into account viz., Structure, Meetings, Functions, Risk Evaluation process adopted, grievance redressal mechanism, stakeholder value and responsibility corporate culture, ethics and other matters. Board also took into account facilitation of the Independent Directors to function independently and perform their roles as another important parameter for the evaluation.

The performance of each of the Committees was evaluated taking into account the clarity and disclosure of the composition, mandate

& working procedures, effectiveness, structure and meetings, independence and contribution in decision making process.

The evaluation of the two Executive Directors was carried out based on their assigned roles and responsibilities. As regards the other Directors, including the independent directors, the evaluation was carried out taking into account the following parameters, viz., qualification, experience, competency, adequacy of knowledge about the Company and its sector of operation, understanding about the strategic direction, ethical behavior, participation in the risk evaluation process, resolving conflict of interests, attendance and preparation of the meetings, ability to work as a team player and voluntary sharing of information for the larger benefit of the Company and the like.

In compliance with the requirements of Schedule VII to the Act and the Regulations, a separate meeting of the Independent Directors was held during the year at which the Directors evaluated the performance of the Non Independent Directors, the Chairman and also the adequacy of flow of information to the Board and Committees. No adverse comments have been made by the Independent Directors from the evaluation.

Directors' Responsibility Statement

Pursuant to the requirement of sub-sections 3 (c) and 5 of Section 134 of the Companies Act, 2013 it is hereby confirmed that

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the year under review;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the financial year ended 31st March, 2018 on a "going concern" basis;
- (e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

Your Company has complied with the requirements of Corporate Governance stipulated under Regulation 27 of the SEBI Listing Regulations. A Report on Corporate Governance forms part of this Report and a Certificate from the Secretarial Auditors regarding compliance with the requirements of Corporate Governance is given in **Annexure – I** to this report.

Auditors

M/s. R.G.N. Price & Co., Chartered Accountants, Chennai having Firm Registration No. 002785S was appointed as the auditors of the Company. As per the extant provisions of the Act, they will hold office for a period of five years till the conclusion of 37th AGM to be held in the year 2022. The Audit Committee has recommended a remuneration of ₹ 20.00 lakh plus reimbursement of out of pocket expenses and applicable taxes for the audit of the accounts and all other related services as the Auditors of the Company for the year 2018-19 for approval of the Members at the ensuing AGM.

Secretarial Audit Report

As required under Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report issued by Ms. B Chandra (CP No.7859), Company Secretary in practice, Chennai is given in **Annexure – II** to this report.

The Report does not contain any qualification but a mention has been made about the Company's view on transfer of shares to IEPF under Section 124 of the Act. The Auditor also pointed out that there was a delay in remitting the unclaimed dividend for the year 2009-10.

Since no dividend was declared for five out of the consecutive seven years, it has been advised that the requirement to transfer of shares to IEPF under Section 124(6) of the Act is not applicable to the Company. The delay in transfer of unclaimed dividend to IEPF is attributable to the delay by the Bank in furnishing the requisite details of the dividend account for reconciliation and also in effecting the transfer. The Company has complied with the requirements of all the applicable Secretarial Standards.

Cost Audit

Pursuant to the provisions of Section 148 of the Act, the Board appointed M/s. Krishnaswamy & Co, Cost Accountants, the Cost Auditors of the Company for conducting the audit of cost records for the financial year 2017-18 on a remuneration of ₹ 2.00 lakh plus applicable taxes and reimbursement of out of pocket expenses. The Cost Auditor holds office till 27th September 2018 or submission of his report for the year 2017-18, whichever is earlier.

As required under Section 148 of the Act, read with the relevant Rules, ratification of the remuneration to the Cost Auditor for the year 2017-18 will be considered by the Members at the ensuing AGM of the Company.

Adequacy of Internal Financial Controls

Your Company has in place adequate internal financial control systems with periodical review of the process. The control system is also supported by ERP, internal audits and management reviews with documented policies and procedures. The system was also earlier reviewed by an external agency, and no major weaknesses were reported. To ensure effective operation of the system, periodical reviews are made by the Internal Auditors and their findings discussed by the Audit Committee and with the Auditors. The Auditors of the Company have also furnished certificates in this regard, which are attached to their Reports.

Conservation of Energy and other disclosures

As required under Section 134 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, information on conservation of energy, technology absorption, foreign exchange earnings and outgo, to the extent applicable are given in **Annexure - III** to this Report.

Extract of Annual Return

The extract of the Annual Return in Form MGT-9 is given in **Annexure IV** to this Report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Committee for looking after the compliance under the provisions of Sexual Harassment at the Workplace Act and Rules 2013. During the year under review, there were no cases filed under the above Act.

Particulars of Employees and other disclosures

The disclosures prescribed under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure -V** to this Report. It is hereby affirmed that the remuneration to the employees are as per the remuneration policy of the Company.

CSR Policy and related Disclosures

The brief outline of CSR policy of the Company and such other details and disclosures as per the prescribed format are furnished in **Annexure –VI** to this Report.

Acknowledgement

Your Directors are grateful to the Government of India, the Government of Tamilnadu, financial institutions, banks, other lending institutions, promoters, technical collaborators, suppliers, customers, joint venture partners and marketing agents for their assistance, co-operation and support. The Directors thank the shareholders for their continued support.

The Directors also place on record their high appreciation for the contributions by all cadres of employees of the Company.

Disclaimer

The Management Discussion and Analysis contained herein is based on the information available to the Company and assumptions based on experience in regard to domestic and global economy, on which the Company's performance is dependent. It may be materially influenced by changes in economy, government policies, environment and the like, on which the Company may not have any control, which could impact the views perceived or expressed herein.

For and on behalf of the Board of Directors

D Senthikumar

DIN: 00202578

Wholtime Director (Operations)

KT Vijayagopal

DIN: 02341353

Wholtime Director (Finance)

5th June 2018

Chennai – 600 068

ANNEXURE - I TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy :

Tamilnadu Petroproducts Limited firmly believes in the implementation of best practices of corporate governance so that the Company achieves its corporate goals and further enhances stakeholders' value. A great deal of importance is attached to ensuring fairness, transparency, accountability and responsibility towards stakeholders, besides consistently implementing best possible practices by providing optimum level of information and benefits to the stakeholders.

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2018.

2. Board of Directors :

(i) Composition and membership in other Boards and Board Committees:

As on 31st March 2018, the Board comprised of ten directors as detailed below:

| Name | Membership | |
|---|--------------|------------------------|
| | Other Boards | Other Board Committees |
| NON INDEPENDENT | | |
| NON EXECUTIVE | | |
| Mr K Gnanadesikan IAS Chairman (Nominee of TIDCO) | 8 (6) | - |
| Mr Ashwin C Muthiah, Vice Chairman (Nominee of SPIC) | 3 (3) | 2(1) |
| Mr Ramesh Chand Meena IAS (Nominee of TIDCO) | 10 | 3 |
| EXECUTIVE | | |
| Mr K T Vijayagopal, Whole-time Director (Nominee of SPIC) | - | - |
| Mr D Senthikumar, Whole-time Director (Nominee of SPIC) | - | - |
| INDEPENDENT | | |
| Mr C Ramachandran IAS (Retd) | 7 | 4(2) |
| Mr N R Krishnan IAS (Retd) | 7 | 5 (2) |
| Mr Dhananjay N Mungale | 6 | 9 (3) |
| Dr K U Mada | 1 | 2 (1) |
| Ms Sashikala Srikanth | 6 | 6(2) |

Notes:

- (a) Other Directorships exclude foreign companies, private companies, Section 8 companies and alternate directorships.
- (b) Only Membership in Audit Committees and Stakeholders' Relationship Committee (other than in TPL) are reckoned for other Board Committee Memberships.
- (c) Figures in brackets denote the number of companies/committees in which the Director is Chairman.
- (d) Dr K U Mada holds 3500 equity shares and Mr K T Vijayagopal holds 200 equity shares in the Company. None of the other directors hold any shares in the Company.
- (e) None of the Directors have any inter-se relationship.
- (f) The details of familiarization programmes imparted to the Independent Directors are disclosed in the website of the Company at (<http://tnpetro.com/corporate-governance-policies/>).
- (g) Changes in the composition of the Board during the year are furnished in the Directors' Report.

(ii) Board Meetings, Annual General Meeting (AGM) and attendance thereat:

The Board of Directors met four times during the year 2017-18 viz., on 16th May, 2017, 5th September, 2017, 6th December, 2017 and 6th February, 2018.

The details of attendance of the Directors at the Board Meetings and AGM are as follows:-

| Name | Period of Office held during the year | No of Meetings held during the period of office | No. of Meetings attended | Attendance at the last AGM |
|------------------------------|---------------------------------------|---|--------------------------|----------------------------|
| Mr Atulya Misra IAS | Upto: 02.02.2018 | 3 | 1 | Yes |
| Mr K Gnanadesikan IAS | From: 06.02.2018 | 1 | 1 | NA |
| Mr Ashwin C Muthiah | Full Year | 4 | 4 | Yes |
| Mr. Ramesh Chand Meena IAS | From:16.01.2018 | 1 | 1 | NA |
| Mr C Ramachandran IAS (Retd) | Full Year | 4 | 3 | Yes |
| Mr N R Krishnan IAS (Retd) | Full Year | 4 | 4 | Yes |
| Mr Dhananjay N Mungale | Full Year | 4 | 2 | Yes |
| Dr K U Mada | Full Year | 4 | 4 | Yes |
| Mr Kulbir Singh | Upto:17.11.2017 | 2 | 2 | Yes |
| Ms Sashikala Srikanth | Full Year | 4 | 4 | Yes |
| Mr T K Arun | Upto: 09.11.2017 | 2 | 2 | Yes |
| Mr R Karthikeyan | Upto: 03.01.2018 | 3 | 3 | Yes |
| Mr K T Vijayagopal | Full Year | 4 | 4 | Yes |
| Mr D Senthikumar | Full Year | 4 | 4 | Yes |

3. Audit Committee:

(i) Terms of reference

An Audit Committee of the Board of Directors was constituted in 1987. The terms of reference of the Audit Committee covering the matters specified in respect of such Committee were modified in line with the then requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Consequent to the enactment of the Companies Act, 2013 (the Act) at the Board meeting held on 12th August 2014, the terms of reference are aligned to the requirements of the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Regulations).

(ii) Composition, Meetings and Attendance

The Committee met four times during the year 2017-18 viz. 16th May, 2017, 5th September, 2017, 6th December, 2017 & 6th February, 2018. The Company Secretary is the Secretary to the Committee. Details of the composition of the Committee and attendance of Members during the year are as follows:

| Name | Period of Office held during the year | No. of Meetings during the period of his office | |
|-------------------------------|---------------------------------------|---|----------|
| | | Held | Attended |
| Mr C Ramachandran IAS (Retd.) | Full Year | 4 | 3 |
| Mr N R Krishnan IAS (Retd) | Full Year | 4 | 4 |
| Dr K U Mada | Full Year | 4 | 4 |
| Mr T K Arun | Upto: 09.11.2017 | 2 | 2 |
| Mr R Karthikeyan | From 06.12.2017 to 03.01.2018 | NIL | NIL |

4. Nomination and Remuneration Committee:

(i) Terms of reference and Composition

In compliance with the requirements of Section 178 of the Act and Clause 49 of the erstwhile Listing Agreements, the Board constituted the Nomination and Remuneration Committee at the meeting held on 27th May, 2014. The terms of reference of the Nomination & Remuneration Committee comply with the matters specified in respect of such Committee were modified in line with the then requirements of Regulation 19(4) and Part D of Schedule II of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The terms of reference are to identify persons who are qualified to become directors and who may be appointed in Senior Management, Recommend to the Board appointment and removal of the Directors, evaluate the performance of the directors, formulate criteria for determining qualifications, positive attributes and independence of a Director, recommend to the Board a policy relating to the remuneration to the directors, key managerial personnel and other employees, devise policy on Board diversity and such other matter as may be prescribed under the Act, the Rules made there under and the Listing Regulations.

(ii) **Meeting and Attendance**

The Committee met three times during the year 2017-18 viz., 16th May, 2017, 5th September, 2017 and 6th February, 2018. The Company Secretary is the Secretary to the Committee. Details of the composition of the Committee and attendance of Members during the year are as follows:

| Name | Period of Office held during the year | No. of Meetings during the period of his office | |
|------------------------------|---------------------------------------|---|----------|
| | | Held | Attended |
| Mr C Ramachandran IAS (Retd) | Full Year | 3 | 2 |
| Mr N R Krishnan IAS (Retd) | Full Year | 3 | 3 |
| Mr Ashwin C Muthiah | Full Year | 3 | 3 |
| Mr T K Arun | Upto: 09.11.2017 | 2 | 2 |
| Mr R Karthikeyan | From 06.12.2017 to 03.01.2018 | NIL | NIL |

(iii) **Performance evaluation criteria for Independent Directors**

The Nomination & Remuneration Committee has formulated the criteria and framework for performance evaluation for every director on the Board, including the executive and independent directors and identified ongoing training and education programs to ensure the non-executive directors are provided with adequate information regarding the business, the industry, and their legal responsibilities and duties. The details are available in the website of the Company.

5. Remuneration to Directors

i. Remuneration policy and criteria for making payments to Non-Executive Directors:

The Remuneration Policy of the Company as approved by the Board *inter alia*, contains the criteria for appointment of Independent Directors, Executive Directors, Key Managerial Personnel and other employees, manner of appointment, remuneration policy for Executive and Non-Executive Directors, Guiding principles for fixing remuneration to employees who are not directors, etc. The following is the Remuneration Policy for Directors:

a For Executive Directors

The remuneration of the Whole Time/Executive Directors shall comprise of a fixed component and a performance linked pay, as may be fixed by the Nomination and Remuneration Committee (NRC) and subsequently approved by the Board of Directors and Members. Performance Linked Pay shall be payable based on the performance of the individual and the Company during the year. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

b For Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act, and the Articles of Association of the Company and as recommended by the NRC. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors. In addition to this, the travel and other expenses incurred for attending the meetings are to be met by the Company. Subject to the provisions of the Act and the Articles of Association, the Company in General Meeting may by special resolution sanction and pay to the Directors remuneration not exceeding 1% of the net profits of the Company computed in accordance with the relevant provisions of the Act. The Company shall have no other pecuniary relationship or transactions with any Non-Executive Directors.

ii. None of the non-executive directors had any pecuniary relationship with the Company other than receipt of sitting fees:

iii. **Details of Remuneration paid to Executive Directors**

a Remuneration paid to Executive Directors for the year 2017-18 are as shown below: ₹ in Lakh

| Sl. No. | Description | Mr D Senthikumar Whole-Time Director (Operations) | Mr K T Vijayagopal Whole-Time Director (Finance) & CFO |
|---------|------------------------|--|--|
| 01 | Salary & Allowances | 27.24 | 49.80 |
| 02 | Performance Linked Pay | 10.00 | 11.88 |
| 03 | Perquisites | 00.41 | 0.43 |
| | Total | 37.65 | 62.11 |

Note:

- (1) In addition to the above contribution to Provident and Superannuation Funds are made by the Company as per the applicable law/rules/terms of employment.
- (2) The performance linked pay is determined as per the appraisal system in vogue.
- (3) Both the above Directors are under contract of employment with the Company which stipulates a notice period of 3 months from either side for early separation. No severance fee is payable and no Employee Stock Option has been offered by the Company.
- (4) No employee stock options has been offered by the Company to any of the Directors.

b **Remuneration paid to Non-Executive Directors:**

During the year each of the Non-Executive Director was paid sitting fees as shown below:

| Name | Amount (₹ in lakh) | Name | Amount (₹ in lakh) |
|------------------------------|-----------------------|-----------------------------|-----------------------|
| Mr Atulya Misra IAS * | 0.50 | Mr Kulbir Singh | 1.00 |
| Mr K Gnanadesikan IAS * | 0.50 | Ms Sashikala Srikanth | 2.00 |
| Mr Ashwin C Muthiah | 2.00 | Mr T K Arun* | 1.00 |
| Mr C Ramachandran IAS (Retd) | 1.50 | Mr R Karthikeyan* | 1.50 |
| Mr N R Krishnan IAS (Retd) | 2.00 | Mr Ramesh Chand Meena IAS * | 0.50 |
| Mr Dhananjay N Mungale | 1.00 | TOTAL | 15.50 |
| Dr K U Mada | 2.00 | | |

*Paid to TIDCO

The Company does not have any pecuniary relationship or transactions with the Non-Executive Directors and there are no such transactions during the Financial Year ended 31st March 2018.

6. Stakeholder's Relationship Committee

1. Chairman and Compliance Officer

The Chairman of the Committee is Mr C Ramachandran IAS (Retd) and Ms K Priya Company Secretary is the Compliance Officer. The Committee met four times during the year 2017-18 viz. 16th May, 2017, 5th September, 2017, 6th December, 2017 and 6th February, 2018. Details of the composition of the Committee and attendance of Members during the year are as follows:

| Name | Period of Office held during the year | No. of Meetings during the period of his office | |
|------------------------------|---------------------------------------|---|----------|
| | | Held | Attended |
| Mr C Ramachandran IAS (Retd) | Full Year | 4 | 3 |
| Mr Ashwin C Muthiah | Full Year | 4 | 4 |
| Mr R Karthikeyan | Upto 03.01.2018 | 2 | 2 |
| Mr D Senthikumar | Full Year | 4 | 4 |

2. Details of Complaints received and pending

There were no pending complaints as at the beginning or end of the year. All the 18 complaints received during the year were redressed by the Company/RTA to the satisfaction of the shareholders.

7. General Body Meetings:

The particulars of Annual General Meetings held during the last three years and the Special Resolutions passed are as under:

| Year | Date | Time | Venue | Special Resolutions considered thereat |
|------|------------|----------|---|---|
| 2015 | 22.09.2015 | 10.35 AM | Tamil Isai Sangam, Raja Annamalai Hall, Esplanade, Chennai - 600 108 | No Special Resolutions |
| 2016 | 22.09.2016 | 10.30 AM | | 1) Appointment of Mr D Senthikumar, as Whole-time Director (Operations) of the Company for a period of three years from 18.02.2016 to 17.02.2019 and payment of Remuneration. 2) Appointment of Mr K T Vijayagopal, as Whole-time Director (Finance) of the Company for a period of three years from 01.02.2016 to 31.01.2019 and payment of Remuneration. |
| 2017 | 24.07.2017 | 10.30 AM | | No Special Resolutions |

There were no resolutions requiring approval through postal ballot during the year and at present no such resolution is being proposed to be passed. The procedure for postal ballot, if and when conducted will be prescribed under the Act.

8. Disclosures

- i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large. Transactions in the ordinary course of business with the related parties are disclosed in the Notes to Financial Statements.
- ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- iii. As stipulated under the Act and the Listing Regulations the Company has adopted a Whistle Blower mechanism for directors and employees a Whistle Blower Policy has been framed and the text of the same is uploaded in the website of the Company. The Policy, *inter alia*, provides for access to the Chairman of the Audit Committee in exceptional cases and no person has been denied access to the Chairman of the Audit Committee.
- iv. As stipulated under the provisions of Listing Regulations a Policy for determining material subsidiaries has been framed and the policy is available on our website (<http://tnpetro.com/corporate-governance-policies>).
- v. As stipulated under the provisions of Listing Regulations a Policy on dealing with related party transactions has been framed and the policy is available on our website (<http://tnpetro.com/corporate-governance-policies>). Pursuant to Para A of Schedule V of SEBI (LODR) Regulations, 2015, disclosures pertaining to related party transactions are reported under the notes to financial statements which form part of this Annual Report.
- vi. The Company has laid down procedures to inform the Board Members about the risk assessment and its mitigation, which is periodically reviewed to ensure that risk control, is exercised by the Management effectively. Employee level and Board level committees have been formed to analyze the issues relating to risk management and the action points arising out of the deliberations of the Committees are reviewed by the Board.
- vii. As required under Regulation 17 of SEBI (LODR) Regulations, 2015, CEO/CFO Certification by Mr D Senthikumar, Whole Time Director (Operations) and Mr K T Vijayagopal, Whole Time Director (Finance) & Chief Financial Officer was placed before the Board at its meeting held on 14th May 2018 which also forms part of this Annual Report.
- viii. As required by Schedule V of Listing Regulations, certificate on corporate governance issued by the Practicing Company Secretary is annexed.
- ix. In compliance with Regulation 26(3) of Listing Regulations and Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The code is applicable to the members of the Board, the executive officers and all the employees of the Company and its subsidiaries. The code is available on our website, www.tnpetro.com. All the members of the Board, executive officers and senior financial officers have affirmed compliance of the code as on 31st March 2018. A declaration to this effect signed by WTD's and CFO, forms part of the CEO and CFO certification.
- x. A Management Discussion and Analysis Report has been presented as part of the Directors' Report.
- xi. The Company has complied with all the mandatory requirements stipulated under the Listing Regulations.
- xii. There are no such instances with respect to non-compliances with the requirements and no penalty has been imposed by any stock exchange, SEBI or SEC, nor has there been any instance of non-compliance with any legal requirements, or on matters relating to the capital market over the last three years.
- xiii. All the requirements of Corporate Governance report specified in Sub-Paras (2) to (10) of Para C of Schedule V to the Regulations have been complied with.
- xiv. The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the Regulations.
- xv. **Disclosure of Commodity Price risks and Commodity hedging activities:**
The Company mainly sources its materials domestically and the exports are not substantial, there has been no major commodity price risks faced. Accordingly, there has been no commodity hedging activity undertaken by the Company. As regards the Foreign Exchange risks, the Company takes forward contracts based on the exposure and extant market conditions and details of hedging are available in the financial statements.
- xvi. **Disclosure with respect to demat suspense account/unclaimed suspense account.**
There are no such details pertaining to demat suspense account/unclaimed suspense account.
- xvii. **Compliance with Discretionary requirements**
As stipulated under Regulation 27 read with Part E of Schedule II of Listing Regulations, the following discretionary requirements have been adopted / complied with by the Company.
 - a) There are no qualifications by the Auditors on the Stand Alone and Consolidated Financial Statements for the year 2017-18.
 - b) The Company has appointed a third party firm as the internal Auditors which carried out the audit and the report is presented to the Audit Committee for review and further directions.

9. Means of Communication

As stipulated under Para A of Schedule V of Listing Regulations, the means of communications adopted by the Company includes the following:

- The Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Financial Express) and one Tamil News Paper (Makkal Kural).
- The results are also posted in the website of the Company viz. www.tnpetro.com.

In addition, official press / news release and several other details / information of interest to various stakeholders' are submitted to the Stock Exchanges and made available in the website.

10. General Shareholder Information

i Annual General Meeting

The thirty third AGM of the Company is scheduled to be held on 7th August 2018 at 11.00 AM at Rajah Annamalai Mandram, Esplanade, Chennai – 600 108.

ii Financial year

The financial year of the Company commences on 1st April and ends on 31st March.

iii Dividend payment date

The dividend for the year 2017-18 will be paid on 31st August 2018 subject to declaration at the ensuing AGM.

iv Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 2018 to 7th August, 2018 (both the days inclusive).

v Registrar and Share Transfer Agent:

All share registry work in respect to both physical and demat segments are handled by a single common agency M/s. Cameo Corporate Services Ltd., No.1 Club House Road, V Floor, "Subramanian Building" Chennai – 600 002, as the Registrars and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to shares.

vi Share Transfer System:

Requests for share transfer, transmissions, transpositions etc., are processed by the RTA and returned within the stipulated time, if the documents are found to be in order. The routine requests from shareholders like transfer, transmission, transposition, change of name etc., are approved by the Whole-time Director and Company Secretary and the details are placed before the Stakeholder Relationship Committee.

vii Listing of Securities (Equity Shares) :

| Name and Address of Stock Exchange | Stock Code |
|--|------------|
| The BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 | 500777 |
| National Stock Exchange of India Ltd (NSE) Exchange Plaza, C-1, Block G. Bandra Kurla Complex, Bandra East, Mumbai-400 051. | TNPETRO |

Listing fees have been paid to the aforesaid exchanges up to 2018-19.

viii Market Price Data and Share Price Performance vis a vis indices :

| Month & Year | BSE | | | | NSE | | | |
|--------------|-----------------|-------|-----------|-----------|-----------------|-------|-----------|-----------|
| | Share price (₹) | | Sensex | | Share price (₹) | | Nifty 50 | |
| | High | Low | High | Low | High | Low | High | Low |
| Apr - 17 | 56.25 | 36.50 | 30,184.22 | 29,241.48 | 56.50 | 36.05 | 9,367.15 | 9,075.15 |
| May – 17 | 50.00 | 36.45 | 31,255.28 | 29,804.12 | 49.50 | 36.50 | 9,649.60 | 9,269.90 |
| Jun – 17 | 46.10 | 36.85 | 31,522.87 | 30,680.66 | 46.00 | 37.10 | 9,698.85 | 9,448.75 |
| Jul – 17 | 61.50 | 41.00 | 32,672.66 | 31,017.11 | 63.25 | 40.90 | 10,114.85 | 9,543.55 |
| Aug – 17 | 55.30 | 47.50 | 32,686.48 | 31,128.02 | 55.50 | 47.15 | 10,137.85 | 9,740.10 |
| Sep – 17 | 74.90 | 54.50 | 32,524.11 | 31,081.13 | 75.00 | 54.05 | 10,178.95 | 9,687.55 |
| Oct – 17 | 79.90 | 66.50 | 33,340.17 | 31,440.48 | 79.85 | 67.00 | 10,384.50 | 9,831.05 |
| Nov – 17 | 84.00 | 69.50 | 33,865.95 | 32,683.59 | 83.90 | 69.75 | 10,490.45 | 10,094.00 |
| Dec – 17 | 79.20 | 67.85 | 34,137.97 | 32,565.16 | 78.85 | 67.80 | 10,552.40 | 10,033.35 |
| Jan – 18 | 73.55 | 58.00 | 36,443.98 | 33,703.31 | 73.70 | 58.00 | 11,171.55 | 10,404.65 |
| Feb – 18 | 70.00 | 49.00 | 36,256.83 | 33,482.81 | 65.75 | 52.00 | 11,117.35 | 10,276.30 |
| Mar - 18 | 62.10 | 47.50 | 34,278.63 | 32,483.84 | 62.40 | 47.00 | 10,525.50 | 9,951.90 |

ix **Distribution of Shareholding as on 31st March 2018 :**

| Category (No. of Shares) | No. of Shareholders | Percentage | No. of Shares | Percentage |
|-----------------------------|------------------------|---------------|--------------------|---------------|
| 1 - 500 | 74,718 | 9.50 | 1,08,41,389 | 12.04 |
| 501 - 1000 | 4,461 | 5.40 | 36,41,960 | 4.04 |
| 1001 - 2000 | 1,752 | 2.12 | 27,18,577 | 3.02 |
| 2001 - 3000 | 573 | 0.69 | 14,82,073 | 1.64 |
| 3001 - 4000 | 213 | 0.25 | 7,68,342 | 0.85 |
| 4001 - 5000 | 219 | 0.26 | 10,44,519 | 1.16 |
| 5001 - 10000 | 324 | 0.39 | 24,19,713 | 2.68 |
| 10001 - And Above | 297 | 0.35 | 6,70,54,901 | 74.52 |
| Total : | 82,557 | 100.00 | 8,99,71,474 | 100.00 |

x **Dematerialization of Shares and liquidity :**

The Company's Equity shares are traded on BSE & NSE in compulsory demat form and the ISIN of the shares is INE 148A01019. The shares are traded regularly on BSE & NSE. About 93% of the 8,99,71,474 outstanding shares have been dematerialized up to 31st March 2018. Balance shares are held in physical mode.'

xi The Company has not issued any convertible instruments.

xii **Plant Locations:** Manali Express Highway, Manali, Chennai-600068.

xiii **Address for Correspondence:**

Investors may contact the Registrars and Transfer Agent for matters relating to shares, dividends, annual reports and related issues at the following address:

| |
|--|
| <p align="center">M/s. Cameo Corporate Services Limited, No.1 Club House Road, V Floor, "Subramanian Building", Chennai – 600 002 Phone: 044-24860084/24860395/24860390(5 lines), Fax: 044-24860129, E-mail: investor@cameoindia.com</p> |
|--|

For other general matters or in case of any difficulties /grievances investors may contact the Company Secretary and Compliance Officer at the Registered Office of the Company at

| |
|--|
| <p align="center">The Company Secretary & Compliance Officer Post Box No.9, Manali Express Highway, Manali, Chennai – 600 068 Telefax No.044-25945588, E-mail: secy-legal@tnpetro.com, investor@grievance@tnpetro.com, website: www.tnpetro.com.</p> |
|--|

Declaration by CEO

This is to declare that the respective Codes of Conduct envisaged by the Company for Members of the Board and Senior management Personnel have been complied with by all the members of the Board and Senior Management Personnel of the Company respectively.

14th May 2018
Chennai – 600 068

D Senthikumar
DIN: 00202578
Wholtime Director (Operations)

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To: The Members of Tamilnadu Petroproducts Limited

1. We have examined the compliance of conditions of Corporate Governance by M/s. Tamilnadu Petroproducts Limited, for the year ended on 31st March, 2018, as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in the Listing Regulations for the period 1st April 2017 to 31st March 2018, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. We further state that, such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B.CHANDRA**
Company Secretary
B. Chandra, B.COM, AICWA, ACS
Membership No.: 20879
C P No.: 7859
Proprietrix

Place : Chennai
Date : 14.05.2018

ANNEXURE - II TO DIRECTORS' REPORT
Secretarial Audit Report issued by
Mrs. B. Chandra, The Secretarial Auditor

To,
The Members,
Tamilnadu Petroproducts Limited,
Manali Express Highway,
Manali, Chennai,
Tamil Nadu-600068

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **B.CHANDRA**

Company Secretary
B. Chandra, B.COM, AICWA, ACS
Membership No.: 20879
C P No.: 7859
Proprietrix

Place : Chennai

Date : 14.05.2018

ANNEXURE - II TO DIRECTORS' REPORT
FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Tamilnadu Petroproducts Limited,
Manali Express Highway,
Manali, Chennai - 600068, Tamil Nadu.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Tamilnadu Petroproducts Limited** bearing CIN L23200TN1984PLC010931 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act, 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

We are informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (vii) In addition to the compliance with laws applicable to Factories and labour laws pertaining to the same, based on the study of the systems and processes in place and a review of the reports of (1) Occupier/Manager of the factories plant located in Manali which manufacture Petrochemicals (2) Internal Audit Reports (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company, (4) a test check on the licences and returns made available by the Company on other applicable laws, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under to the extent it is applicable to them:
- Factories Act, 1948 and Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
 - The Insecticides Act, 1968
 - Drugs and Cosmetics Act, 1940
 - The Fertiliser (Control) Order, 1985
 - The Environmental Impact Assessment Notification, 2006
 - Explosives Act, 1884
 - The Environment (Protection) Act, 1986
 - The Water (Prevention and Control of Pollution) Act, 1974
 - The Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board members that are required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the management is of the opinion that the Company is not obliged to transfer the shares pertaining to the unpaid dividend transferred to the IEPF under Section 124(5) of the Companies Act, as there has not been any declaration of dividend for seven consecutive years or more; further there has been a marginal delay of about 15 days in transferring the unpaid dividend in respect dividend declared on 11th August 2010 in view of the delays caused by the bank.

Place : Chennai
Date : 14.05.2018

For **B.CHANDRA**
Company Secretary
B. Chandra, B.COM, AICWA, ACS
Membership No.: 20879
C P No.: 7859
Proprietrix

ANNEXURE - III TO DIRECTORS' REPORT

Particulars as required under Rule 3 of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2018, are furnished below to the extent applicable:

A) Conservation of Energy

i) Steps taken or impact on conservation of energy

- a) Installation of Vacuum pump in place of steam ejector Paraffin column resulted in savings to the extent of 190 MT of Fuel Oil per year (66 MT of Fuel oil saved this year).
- b) LED bulbs installed in LAB & HCD units, resulting in energy savings of 0.51 lakh units /year.

ii) Steps taken for utilizing alternate sources of energy

Green energy sourced (wind power) in the financial year to meet about 17% of the total power consumption.

iii) Capital investment in conservation of energy

About ₹ 300 lakh capital investment made during the year 2017-18.

B) Technology Absorption

- i) Efforts made in technology absorption and benefits derived like product improvement, cost reduction, product development or import substitution:

Technology absorption was fully made in the initial years. In the recent past, there was no new technology updated by the Company.

Steps for process improvement to bring down the cost are being taken up for catering wide customer base.

- ii) Expenditure on Research & Development

No expenditure on research & development incurred during the year under review.

C) Foreign Exchange Earnings and outgo:

- i) Foreign exchange in terms of actual inflows: ₹ **384.13 lakh**
- ii) Foreign exchange in terms of actual outflows: ₹ **10,213.85 lakh**

For and on behalf of the Board of Directors

5th June 2018
Chennai – 600 068

D Senthikumar
DIN 00202578
Wholetime Director (Operations)

KT Vijayagopal
DIN 02341353
Wholetime Director (Finance)

ANNEXURE - IV TO DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| i) CIN | L23200TN1984PLC010931 |
| ii) Registration Date | 22 nd June 1984 |
| iii) Name of the Company | Tamilnadu Petroproducts Limited |
| iv) Category / Sub-Category of the Company | Public Company limited by shares |
| v) Address of the Registered office and contact details | Manali Express Highway, Manali, Chennai - 600 068 |
| vi) Whether listed company | Yes, listed with BSE and NSE |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | Cameo Corporate Services Limited, "Subramaniam Building", No. 1, Club House Road, Chennai – 600 002 Ph: 044 -2846 0390; E-mail: cameo@cameoindia.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Linear Alkyl Benzene | 20119 | 85.61 |
| 2 | Caustic Soda lye | 24111 | 14.39 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name of the Company | Holding/Subsidiary/Step Down Subsidiary Associate | % of Shares Held | Applicable Section |
|---------|---|---|------------------|----------------------------|
| 1 | Certus Investment & Trading Ltd IFS Court Twenty Eight Cybercity Ebene Mauritius. | Subsidiary | 100% | S.2(87)(i) & (ii) |
| 2 | Certus Investment & Trading (S) Pte Ltd 31 Cantonment Road, Singapore – 089747. | Step Down Subsidiary | NIL | Explanation (a) to S.2(87) |
| 3 | Proteus Petrochemicals Private Limited 31 Cantonment Road, Singapore 089747 | Step Down Subsidiary | NIL | Explanation (a) to S.2(87) |

IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

| Sl. No. | Category of Shareholders | No. of Shares held at the beginning of the year (As on 01-04-2017) | | | | No. of Shares held at the end of the year (As on 31-03-2018) | | | | % Change |
|-----------|--|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|-------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Shareholding of Promoter and Promoter Group | | | | | | | | | |
| 1. | Indian | | | | | | | | | |
| a) | Bodies Corporate | 15234375 | 0 | 15234375 | 16.932 | 15234375 | 0 | 15234375 | 16.93 | 0.00 |
| b) | Banks / FI | 15843751 | 0 | 15843751 | 17.609 | 15843751 | 0 | 15843751 | 17.61 | 0.00 |
| 2. | Foreign | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoter (A)= (A)(1)+ (A)(2) | 31078126 | 0 | 31078126 | 34.542 | 31078126 | 0 | 31078126 | 34.54 | 0.00 |
| B | Public Shareholding | | | | | | | | | |
| 1. | Institutions | | | | | | | | | |
| a. | Mutual Funds | 600 | 7700 | 8300 | 0.01 | 600 | 7700 | 8300 | 0.01 | 0.00 |
| b. | Banks/ FI | 52438 | 18700 | 71138 | 0.08 | 151928 | 18700 | 170628 | 0.19 | 0.11 |
| c. | Insurance Companies | 4459429 | 300 | 4459729 | 4.96 | 4335054 | 300 | 4335354 | 4.82 | -0.14 |
| d. | Foreign Institutional Investors | 1143616 | 0 | 1143616 | 1.27 | 0 | 0 | 0 | 0.00 | -1.27 |
| e. | Foreign Portfolio Investor (Corporate) Category II | 0 | 0 | 0 | 0.00 | 1701898 | 0 | 1701898 | 1.89 | 1.89 |
| | Sub-total (B)(1) | 5656083 | 26700 | 5682783 | 6.32 | 6189480 | 26700 | 6216180 | 6.91 | 0.59 |
| 2. | Non-Institutions | | | | | | | | | |
| a. | Bodies Corporate | 12266901 | 30250 | 12297151 | 13.67 | 12132476 | 29950 | 12162426 | 13.52 | -0.15 |
| b. | Individuals - | | | | | | | | | |
| | Individual Shareholders Holding Nominal Share Capital Upto ₹ 1 Lakh | 15378806 | 4704629 | 20083435 | 22.32 | 15718448 | 4564010 | 20282458 | 22.54 | 0.22 |
| | II Individual Shareholders Holding Nominal Share Capital In Excess Of ₹ 1 Lakh | 13927290 | 0 | 13927290 | 15.48 | 13120154 | 0 | 13120154 | 14.58 | -0.90 |
| c. | OTHERS | 4859863 | 2042826 | 6902689 | 7.67 | 5227404 | 1884726 | 7112130 | 7.91 | 0.24 |
| | SUB - TOTAL (B)(2) | 46432860 | 6777705 | 53210565 | 59.14 | 46198482 | 6478686 | 52677168 | 58.55 | -0.59 |
| | TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2) | 52088943 | 6804405 | 58893348 | 65.46 | 52387962 | 6505386 | 58893348 | 65.46 | 0.00 |
| | TOTAL (A)+(B) | 83167069 | 6804405 | 89971474 | 100.00 | 83466088 | 6505386 | 89971474 | 100.00 | 0.00 |
| C. | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 83167069 | 6804405 | 89971474 | 100.00 | 83466088 | 6505386 | 89971474 | 100.00 | 0.00 |

(ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01-04-2017) | | | Shareholding at the end of the year (As on 31-03-2018) | | | |
|---------|---|---|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in shareholding during the year |
| 1 | Tamilnadu Industrial Development Corporation Ltd | 15843751 | 17.61 | 0.00 | 15843751 | 17.61 | 0.00 | 0.00 |
| 2. | Southern Petrochemical Industries Corporation Limited | 15234375 | 16.93 | 0.00 | 15234375 | 16.93 | 0.00 | 0.00 |

(iii) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | At the End of the year | |
|---------|--|---|------|---|-------|------------------------|------|
| | | No. of shares | % | No. of shares | % | No. of shares | % |
| | Date wise Increase/ Decrease in Shareholding during the year | | | | | | |
| 01 | SRI KESAVAN ADVISORY SERVICES PRIVATE LIMITED | 6682862 | 7.42 | 6682862 | 7.42 | 6682862 | 7.42 |
| 02 | SHREYANS SHANTILAL SHAH | 4199427 | 4.66 | 4199427 | 4.66 | 3834451 | 4.26 |
| | Sale – 07-04-2017 | -364976 | 0.40 | 3834451 | 4.26 | | |
| 03 | LIFE INSURANCE CORPORATION OF INDIA | 3850404 | 4.27 | 3850404 | 4.27 | 3850404 | 4.27 |
| 04 | HITESH RAMJI JAVERI | 2397700 | 2.66 | 2397700 | 2.66 | 2397700 | 2.66 |
| 05 | HARSHA HITESH JAVERI | 1800000 | 2.00 | 1800000 | 2.00 | 1800000 | 2.00 |
| 06 | PURICO (IOM) LIMITED | 1377800 | 1.53 | 1377800 | 1.53 | 1377800 | 1.53 |
| 07 | NATHU RAM PURI | 1675600 | 2.62 | 1675600 | 2.62 | 1675600 | 2.62 |
| 08 | ARES DIVERSIFIED | 1143616 | 1.27 | 1143616 | 1.27 | | |
| | Purchase – 09-02-2018 | 138834 | 0.15 | 1282450 | 1.42 | | |
| | Purchase – 16.02.2018 | 151500 | 0.16 | 1433950 | 1.59 | | |
| | Purchase – 23.02.2018 | 9666 | 0.01 | 1443616 | 1.60 | 1443616 | 1.60 |
| 09 | TPL EMPLOYEES WELFARE FOUNDATION | 997831 | 1.11 | 997831 | 1.11 | 997831 | 1.11 |
| 10 | ANIL KUMAR GOEL | 500000 | 0.55 | 500000 | 0.55 | | |
| | Sale – 07-04-2017 | -100000 | 0.11 | 400000 | 0.445 | | |
| | Sale – 15-09-2017 | -400000 | 0.44 | 0 | 0.00 | 0 | 0.00 |
| 11 | VALLABH REALTORS PRIVATE LIMITED | 0 | 0.00 | 0 | 0.00 | | |
| | Purchase – 23.06.2017 | 100000 | 0.11 | 100000 | 0.11 | | |
| | Purchase – 11.08.2017 | 219392 | 0.24 | 319392 | 0.35 | | |
| | Purchase – 18.08.2017 | 304650 | 0.33 | 624042 | 0.69 | | |
| | Purchase – 25.08.2017 | 958 | 0.00 | 625000 | 0.69 | | |
| | Purchase - 20.10.2017 | 50000 | 0.05 | 675000 | 0.75 | | |
| | Purchase – 25.01.2018 | 20752 | 0.23 | 882572 | 0.98 | 882572 | 0.98 |

(iv) Shareholding of Directors and KMP

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01-04-2017) | | | Shareholding at the end of the year (As on 31-03-2018) | | | % change in shareholding during the year |
|---------|--------------------|---|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | Dr. K.U.Mada | 3500 | 0.00 | 0.00 | 3500 | 0.00 | 0.00 | 0.00 |
| 2. | K.T.Vijayagopal | 200 | 0.00 | 0.00 | 200 | 0.00 | 0.00 | 0.00 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Unsecured Loans | Secured Loans excluding deposits | Deposits | Total Indebtedness |
|--|-----------------|----------------------------------|-------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 216.16 | 3931.20 | 0.00 | 4147.36 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 216.16 | 3931.20 | 0.00 | 4147.36 |
| Change in Indebtedness during the financial year | | | | |
| Addition | | | | |
| Reduction | 216.16 | 331.75 | 0.00 | 547.91 |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 0.00 | 3599.45 | 0.00 | 3599.45 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 0.00 | 3599.45 | 0.00 | 3599.45 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The details of remuneration paid to the Whole-time Director (Operations) and Wholetime Director (Finance) & CFO was ₹ 99.76 lakhs as per details furnished in the Report on Corporate Governance in Annexure I of Board's Report (excluding contribution to provident fund). No stock option, sweat equity or commission is given to these Directors.

B. Remuneration to other directors:

The Non- Executive Directors, including the Independent Directors are paid sitting fees details of which have also been furnished in the Report on Corporate Governance in Annexure I of Board's Report. No commission or other payments are made to any of the directors.

C. Remuneration to other Key Managerial Personnel

| Sl. no. | Particulars of Remuneration | CS (Till 22.09.2017) | CS (From 25.09.2017) | Total |
|---------|---|----------------------|----------------------|--------------|
| 1. | Gross salary | ₹ In Lakh | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 5.82 | 4.51 | 10.33 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.26 | 0.24 | 0.50 |
| | Total | 6.08 | 4.75 | 10.83 |

a. There is no stock option, sweat equity or commission to the above persons.

b. The remuneration shown above is exclusive of contributions to provident and other funds.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES : NIL

For and on behalf of the Board of Directors

5th June 2018
Chennai – 600 068

D Senthikumar
DIN 00202578
Wholetime Director (Operations)

KT Vijayagopal
DIN 02341353
Wholetime Director (Finance)

ANNEXURE – V TO DIRECTORS' REPORT

Disclosures under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| | | |
|----|---|--|
| a. | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; | Mr. K.T. Vijayagopal, WTD (Finance) : 14.00 Mr. D. Senthikumar, WTD (O) : 8.00 |
| b. | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | Percentage of increase in the remuneration of Director/CEO/ CFO/CS in the FY 2017-18 : Nil |
| c. | The percentage increase in the median remuneration of employees in the financial year; | 7.20% for employees other than workmen who are covered under wage settlement. |
| d. | The number of permanent employees on the rolls of company; | As at the year there were 367 permanent employees including WTDs but other than trainees and probationers. |
| e. | Average percentile increase already made in the salaries of employees other than the key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average percentile increase already made in the salaries of employees other than the key managerial personnel in the last financial year is 8% and there has been no increase in the remuneration to the managerial personnel. |

DISCLOSURES UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Details of Top 10 employees in terms of remuneration received during the year

| S.No. | Name | Designation | (Rs. In Lakh) Remuneration | Qualification | Experience | DOJ in TPL | Age | Last Employment |
|-------|---------------------|--------------------------|-------------------------------|---------------------------------|------------|-------------|-----|---|
| 1 | KT VIJAYAGOPAL | WTD (F) | 62.11 | B.com, FCA | 29 | 21-Aug-2015 | 53 | Managing Director - EDAC Engineering Limited |
| 2 | N KALYANASUNDARAM | AVP (O) - HCD DIVISION | 37.85 | B.Sc.AMIEChemical Engineering | 33 | 02-May-2016 | 55 | Senior Vice president - Chemfab alkalis limited |
| 3 | D SENTHIKUMAR | WTD (O) | 37.65 | B.Tech | 28 | 18-Feb-16 | 54 | VP (Projects) - Cetex Petrochemicals Limited |
| 4 | M KARTHIKEYAN M | AVP (O) - LAB DIVISION | 21.11 | B.Tech | 28 | 07-Jan-90 | 51 | EMS Trainee - Tamilnadu Petroproducts Limited |
| 5 | M. VENKATAKRISHNAN | AGM (Finance) | 19.83 | B.com, ACA | 20 | 15-Feb-16 | 50 | RM (Finance) - Crompton Greaves Limited |
| 6 | MURALIDHARAN N | SENIOR GM - MARKETING | 19.60 | B.TECH (CHEM) | 35 | 08-Mar-16 | 58 | AGM - MPL |
| 7 | KUMARAGURUBARAN. S | Manager (IT) | 13.73 | M.Sc.(IT) | 18 | 02-Jun-15 | 47 | Sr. Manager (IT) - Thirumalai Chemicals Limited |
| 8 | K VASANTHAKUMAR | AGM(HR) | 13.31 | B.Sc (Stat)., M.A.(PM&IR)., MLM | 19 | 09-Dec-16 | 43 | Senior Manager (IR) - India Yamaha Motors Pvt Ltd |
| 9 | NJ VENKATESH | Manager (Mech) | 11.52 | DME., AMIE., MBA | 30 | 16-Dec-87 | 51 | ESS Trainee - Tamilnadu Petroproducts Limited |
| 10 | VIJAY KRISHNA NIGAM | Manager (Tech. Services) | 11.12 | B.E. (EEE) | 27 | 02-Jan-95 | 49 | Officer Trainee - Tamilnadu Petroproducts Limited |

Notes:

- The above appointments are contractual
- As per the disclosures available with the Company, none of the above employees are related to any director and also do not hold any shares in the Company except Mr. K. T. Vijayagopal who holds 200 equity shares.
- The remuneration shown above excludes contributions to Provident and other Funds

For and on behalf of the Board of Directors

| | |
|--|--|
| D Senthikumar DIN 00202578 Wholtime Director (Operations) | KT Vijayagopal DIN 02341353 Wholtime Director (Finance) |
|--|--|

5th June 2018
Chennai – 600 068

ANNEXURE VI TO DIRECTOR'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES DURING THE YEAR 2017-18

1. Brief outline of the Company's CSR Policy and related information

The Policy

TPL appreciates that in any society inclusive growth of all the segments is of paramount importance. The Business Community owes its existence and growth to the other components of the Society at large. TPL is committed to contribute its mite for the sustained growth of the Society through various plans and programmes. TPL also believes that as a responsible organization, it can, together with similar such entities, transform the neglected sections of the Society through concerted efforts.

TPL also endeavours to ensure environmental sustainability by adopting best environmental practices and encourages conservation/ judicious use of natural resources.

TPL looks beyond mere financial resources and aims to undertake such of the activities which will provide long term benefits to the weaker sections and make them competent to face off the challenges in life.

The detailed CSR Policy is available in the website of the Company at <http://tnpetro.com/corporate-governance-policies>

Overview of projects or programmes

During the year under review no CSR projects or programmes were taken-up by the Company.

2. Composition of the CSR Committee

As on 31st March 2018, the CSR Committee comprises of the following persons as the Members,

| S.No. | Name of the Director | Designation |
|-------|--------------------------------------|-------------|
| 1 | Mr. Ashwin C. Muthiah | Chairman |
| 2 | Mr. C. Ramachandran, IAS Retd | Member |
| 3 | Mr. D. Senthikumar (from 06.02.2018) | Member |

3. Average net profit of the Company for the last three financial years: Negative

4. Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The average net profit for the last three financial years is in negative and hence the prescribed CSR expenditure for the financial year under review is NIL

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year: Not Applicable
- Amount unspent, if any: Not applicable

In view of the losses incurred during the preceding three years, there is no amount to be spent on CSR and hence the other disclosures are not applicable for the year under review.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company

It is hereby stated that the implementation and monitoring of CSR policy is in compliance/will be in compliance with the CSR objective and Policy of the Company.

For and on behalf of the Board of Directors

5th June 2018
Chennai – 600 068

Ashwin C Muthiah
DIN 00255679
Chairman of the CSR Committee

D Senthikumar
DIN 00202578
Wholtime Director (Operations)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Tamilnadu Petroproducts Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS, of the state of affairs of the Company as at 31st March 2018 and its profits including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these standalone financial statements, are based on the previously issued standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 16th May 2017 and 30th May 2016 respectively, expressed an unmodified opinion on those standalone financial statements. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer Note No.35A & No.35B to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For R.G.N. Price & Co
Chartered Accountants
(Firm Regn No.002785S)

Mahesh Krishnan
Partner

Chennai, 14th May, 2018

(Membership No. 206520)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and Regulatory Requirements' section of our report of even date to the members of Tamilnadu Petroproducts Limited on the standalone financial statements of the Company for the year ended 31st March 2018)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the Management during the year in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- (c) According to the information and explanations given to us and on the basis of our examination, we report that, the title deeds of freehold land and the buildings constructed thereon are held in the name of the Company as at the balance sheet date. In respect of freehold land at Pondicherry of cost ₹ 20.68 lakhs, the Company is in the process of obtaining duplicate title deeds.
- (ii) Physical verification of inventories has been conducted at reasonable intervals by the Management. The discrepancies noticed on physical verification which were not material have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans nor any guarantee or security to the Directors nor or to any Company, body

corporate or to any other person covered by Section 185 of the Act. The investment made by the Company during the year is in compliance with Section 186 of the Act.

(v) The Company has not accepted any deposits and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148 (1) of Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) On the basis of our examination of books and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

(b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute as at 31st March 2018, except for:

(₹ in lakhs)

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Financial Year | Amount involved | Amount unpaid |
|-------------------------------|----------------|--|--|-----------------|---------------|
| Income Tax Act | Income Tax | CIT | 2002-03, 2005-06 | 1,720.59 | 75.76 |
| | | CIT (A) | 2000-01, 2006-07 to 2010-11, 2012-13 & 2013-14 | 9,690.78 | 6,245.34 |
| | | Dispute Resolution Panel | 2011-12 | 824.94 | 299.25 |
| | | High Court | 1998-99 | 2,956.13 | 60.16 |
| | | Supreme Court | 2001-02 | 2,645.60 | 151.16 |
| Various States Sales Tax Acts | Sales Tax | High Court | 1993-94 | 1,687.09 | 1,687.09 |
| | | Sales Tax Appellate Tribunal | 1995-96 to 2002-03 | 39.02 | 27.82 |
| | | Deputy Commissioner (Commercial Taxes) | 2005-06 | 5.15 | 5.15 |
| Finance Act, 1994 | Service Tax | CESTAT, Chennai | 2006-07 to 2008-09, 2011-12 to 2014-15 | 415.86 | 375.52 |

| (₹ in lakhs) | | | | | |
|--------------------|----------------|--------------------------------|----------------------|-----------------|---------------|
| Nature of Statute | Nature of Dues | Forum where dispute is pending | Financial Year | Amount involved | Amount unpaid |
| Central Excise Act | Excise Duty | High Court | 1994-95 to 1999-00 | 118.23 | 59.01 |
| | | Commissioner (Appeals) | 2005-06 to 2009-2010 | 244.22 | 234.37 |
| | | CESTAT, Chennai | 2009-10 to 2012-13 | 160.92 | 154.88 |
| Customs Act | Customs Duty | High Court | 1999-00 | 34.25 | 34.25 |

- (viii) According to the information and explanation given to us, and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowing from any financial institutions, banks or Government. The Company has not issued any debentures.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the 'Order' is not applicable.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither observed any instance of fraud by the Company or any fraud on the Company by its officers or employees of the Company nor have we been informed of such case by the Management, during the year.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence clause 3(xii) of the 'Order' is not applicable.
- (xiii) Transactions with related parties have been disclosed in the standalone Ind AS financial statements with details as prescribed by India Accounting Standard 24 "Related Party Transactions". These transactions are in compliance with Section 177 and 188 of Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation provided to us and based on our examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For R.G.N. Price & Co
Chartered Accountants
(Firm Regn No.002785S)

Mahesh Krishnan
Partner

(Membership No. 206520)

Chennai, 14th May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Clause (f) of Paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date to the members of Tamilnadu Petroproducts Limited, on the Internal Financial Controls over Financial Reporting, for the year ended 31st March 2018).

We have audited the internal financial controls over financial reporting of **Tamilnadu Petroproducts Limited** ('the Company') as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the Standards of Auditing, to the extent applicable

to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on our audit, the Company has, in all material respects, adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at 31st March 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R.G.N. Price & Co
Chartered Accountants
(Firm Regn No.002785S)

Mahesh Krishnan
Partner
(Membership No. 206520)

Chennai, 14th May, 2018



TPL

Standalone Balance Sheet as at 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| ASSETS | Notes | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|-------|---------------------------------------|---------------------------------------|---------------------------------------|
| Non-Current Assets | | | | |
| a) Property, Plant and Equipment | 3 | 19,256.19 | 21,583.51 | 21,788.29 |
| b) Capital work-in-progress | | 3,717.34 | 1,527.37 | 1,545.91 |
| c) Financial assets | | | | |
| i) Investments : | | | | |
| (a) Investment in subsidiaries | 4A | 9,645.13 | 9,645.13 | 9,645.13 |
| (b) Other Investments | 4B | 318.92 | 40.88 | 43.45 |
| ii) Other financial assets | 5 | 120.01 | 133.34 | 146.67 |
| d) Other non-current assets | 6 | 422.66 | 1,476.26 | 1,141.78 |
| Total Non-Current Assets | | 33,480.25 | 34,406.49 | 34,311.23 |
| Current assets | | | | |
| a) Inventories | 7 | 10,589.34 | 7,067.13 | 6,165.75 |
| b) Financial assets | | | | |
| i) Trade Receivables | 8 | 6,657.63 | 6,820.56 | 3,137.34 |
| ii) Cash and Cash equivalents | 9A | 78.28 | 122.10 | 130.53 |
| iii) Bank balances other than ii) above | 9B | 5,776.18 | 1,219.02 | 1,035.90 |
| iv) Other financial assets | 10 | 683.12 | 336.73 | 498.37 |
| c) Other Current assets | 11 | 2,246.62 | 1,925.69 | 2,916.98 |
| d) Assets classified as held for sale | 12 | 21.28 | - | - |
| Total Current Assets | | 26,052.45 | 17,491.23 | 13,884.87 |
| TOTAL ASSETS | | 59,532.70 | 51,897.72 | 48,196.10 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity share capital | 13 | 8,997.15 | 8,997.15 | 8,997.15 |
| b) Other Equity | 14 | 26,438.35 | 21,856.10 | 20,901.38 |
| Total Equity | | 35,435.50 | 30,853.25 | 29,898.53 |
| Liabilities | | | | |
| Non-Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 15 | - | 216.16 | 526.51 |
| ii) Other financial liabilities | 16 | 21.82 | 26.14 | 26.14 |
| b) Provisions | 17 | 7,147.98 | 5,549.52 | 405.01 |
| c) Deferred tax liabilities (net) | 18 | 1,427.02 | 423.59 | - |
| Total non-current liabilities | | 8,596.82 | 6,215.41 | 957.66 |
| Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 19 | 3,599.46 | 3,931.20 | 5,692.71 |
| ii) Trade payables | 20 | 9,960.83 | 9,923.38 | 7,350.73 |
| iii) Other current financial liabilities | 21 | 586.68 | 378.75 | 528.80 |
| b) Provisions | 22 | 781.75 | 57.22 | 42.39 |
| c) Other current liabilities | 23 | 571.66 | 538.52 | 3,725.28 |
| Total Current liabilities | | 15,500.38 | 14,829.06 | 17,339.91 |
| Total liabilities | | 24,097.20 | 21,044.47 | 18,297.57 |
| TOTAL EQUITY AND LIABILITIES | | 59,532.70 | 51,897.72 | 48,196.10 |
| Significant Accounting Policies | 2 | | | |

The accompanying notes form an integral part of financial statements

In terms of our report attached

For R.G.N. Price & Co
Chartered Accountants
Firm Regn No.002785S

KT Vijayagopal
Whole Time Director (Finance) & CFO
DIN:02341353

For and on behalf of the Board of Directors

D Senthikumar
Whole Time Director (Operations)
DIN:00202578

Mahesh Krishnan
Partner
M.No. 206520
Place : Chennai
Date : 14th May, 2018

K Priya
Company Secretary

Standalone Statement of Profit and Loss for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Notes | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|-------|--|--|
| INCOME | | | |
| Revenue from operations (gross) | 24 | 1,08,509.25 | 1,01,053.90 |
| Other income | 25 | 730.24 | 289.24 |
| Total Revenue | | 1,09,239.49 | 1,01,343.14 |
| EXPENSES | | | |
| Cost of Materials consumed | 26 | 58,639.13 | 50,412.99 |
| Purchase of Stock-in-trade | 27 | 1,269.65 | 1,257.58 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 28 | (3,460.64) | (170.75) |
| Excise duty | | 3,618.87 | 12,168.74 |
| Employee benefits expense | 29 | 3,204.25 | 2,832.97 |
| Finance costs | 30 | 1,021.34 | 3,435.37 |
| Depreciation / Amortization Costs | 31 | 2,222.10 | 1,576.14 |
| Other expenses | 32 | 36,455.93 | 28,159.46 |
| Total expenses | | 1,02,970.63 | 99,672.50 |
| Profit before exceptional item and taxes | | 6,268.86 | 1,670.64 |
| Exceptional item | 33 | 922.46 | 2,500.00 |
| Profit before tax | | 7,191.32 | 4,170.64 |
| Tax expense: | | | |
| Current tax | | 1,516.86 | 352.72 |
| Less : Mat credit entitlement | | (1,104.56) | (352.72) |
| Deferred tax | 18 | 2,107.99 | 776.31 |
| Provision for tax relating to prior years | | - | 2,464.48 |
| Net tax expense | | 2,520.29 | 3,240.79 |
| Profit for the year | | 4,671.03 | 929.85 |
| Other Comprehensive income | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | |
| Re-measurement of Defined Benefit Liabilities | | (88.78) | 24.87 |
| Total Comprehensive income | | 4,582.25 | 954.72 |
| Earnings per equity share of ₹ 10/- each | | | |
| Basic and Diluted (in ₹) | | 5.19 | 1.03 |
| Significant Accounting Policies (in ₹) | 2 | | |

The accompanying notes form an integral part of financial statements

In terms of our report attached

For R.G.N. Price & Co
Chartered Accountants
Firm Regn No.002785S

KT Vijayagopal
Whole Time Director (Finance) & CFO
DIN:02341353

For and on behalf of the Board of Directors

D Senthikumar
Whole Time Director (Operations)
DIN:00202578

Mahesh Krishnan
Partner
M.No. 206520
Place : Chennai
Date : 14th May, 2018

K Priya
Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

A. Equity Share Capital

| Particulars | Amount |
|---|-----------------|
| Balance as at April 01, 2016 | 8,997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at March 31, 2017 | 8,997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at March 31, 2018 | <u>8,997.15</u> |

B. Other Equity

| | Reserves and Surplus | | | | | Other Comprehensive Income | Total |
|---|----------------------|--------------------|-----------------|-----------------|---------------------------------------|--|------------------|
| | General Reserve | Securities Premium | Capital Reserve | Other Reserve* | Surplus in Statement of Profit & Loss | Remeasurement of Defined Benefit Liabilities | |
| Balance as at April 01,2016 | 14,890.38 | 4,611.57 | 42.23 | 1,986.18 | (628.98) | - | 20,901.38 |
| Profit for the year | - | - | - | - | 929.85 | - | 929.85 |
| Remeasurement of Defined Benefit Liabilities (Net of Taxes) | - | - | - | - | - | 24.87 | 24.87 |
| Balance as at March 31,2017 | 14,890.38 | 4,611.57 | 42.23 | 1,986.18 | 300.87 | 24.87 | 21,856.10 |
| Balance as at April 01,2017 | 14,890.38 | 4,611.57 | 42.23 | 1,986.18 | 300.87 | 24.87 | 21,856.10 |
| Profit for the year | - | - | - | - | 4,671.03 | - | 4,671.03 |
| Remeasurement of Defined Benefit Liabilities (Net of Taxes) | - | - | - | - | - | (88.78) | (88.78) |
| Balance as at March 31,2018 | 14,890.38 | 4,611.57 | 42.23 | 1,986.18 | 4,971.90 | (63.91) | 26,438.35 |

* Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to Ind AS as on 01st April 2016.

This is the Statement of Change in Equity referred to in our report of even date

| | | | |
|-----------------------------------|-------------------------------------|--|--|
| In terms of our report attached | | For and on behalf of the Board of Directors | |
| For R.G.N. Price & Co | KT Vijayagopal | D Senthikumar | |
| Chartered Accountants | Whole Time Director (Finance) & CFO | Whole Time Director (Operations) | |
| Firm Regn No.002785S | DIN:02341353 | DIN:00202578 | |
| Mahesh Krishnan | | K Priya | |
| Partner | | Company Secretary | |
| M.No. 206520 | | | |
| Place : Chennai | | | |
| Date : 14 th May, 2018 | | | |

Standalone Cash Flows Statement for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| A Cash flow from operating activities: | | |
| Profit before tax | 7,191.32 | 4,170.64 |
| Adjustments for | | |
| Depreciation / Amortization Costs | 2,222.10 | 1,576.14 |
| Loss on fixed assets sold/scrapped | 367.27 | 386.97 |
| Finance costs | 1,021.34 | 3,435.37 |
| Interest income | (221.72) | (158.97) |
| Provision for doubtful receivables | 16.36 | 11.65 |
| Provision no longer required written back | - | 60.18 |
| Sundry balances written back | - | 65.13 |
| Employee benefit obligation | (88.78) | 24.87 |
| Net unrealised exchange (gain) / loss | - | - |
| | 3,316.57 | 5,401.34 |
| Operating profit before working capital changes | 10,507.89 | 9,571.98 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | (3,522.21) | (901.38) |
| Trade receivables | 146.57 | (3,694.87) |
| Other financial assets | (297.56) | 146.10 |
| Other assets | 1,298.73 | 604.04 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 37.46 | (2,528.97) |
| Provision and other current liabilities | 2,357.41 | 1,911.12 |
| Other financial liabilities | 217.70 | (149.96) |
| | 238.10 | (4,613.92) |
| Cash generated from operations | 10,745.99 | 4,958.06 |
| Net income tax (paid) | (2,197.30) | (71.76) |
| Net cash flow from / (used in) operating activities (A) | 8,548.69 | 4,886.30 |
| B Cash flow from investing activities: | | |
| Payments to acquire property, plant and equipment, including capital advances | (2,360.19) | (1,967.92) |
| Proceeds from Sale of Investments | - | 2.57 |
| Investments in Equity shares | (278.04) | - |
| Investments in Fixed deposits with Bank | (3,754.37) | - |
| Interest received - others | 186.22 | 187.79 |
| Bank balances not considered as cash and cash equivalents | (802.79) | (183.12) |
| | (7,009.17) | (1,960.68) |
| Net cash flow from / (used in) investing activities (B) | (7,009.17) | (1,960.68) |

Standalone Cash Flows Statement for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| C Cash flow from financing activities: | | |
| Repayment of long-term borrowings | (216.16) | (310.35) |
| Net increase / (decrease) in working capital borrowings | (331.74) | (1,761.52) |
| Finance costs | (1,021.34) | (862.09) |
| Dividends paid | (14.10) | (0.09) |
| | <u>(1,583.34)</u> | <u>(2,934.05)</u> |
| Net cash from / (used in) financing activities (C) | <u>(1,583.34)</u> | <u>(2,934.05)</u> |
| Net cash flows during the year (A+B+C) | <u>(43.82)</u> | <u>(8.43)</u> |
| Cash and cash equivalents at the beginning of the year | 122.10 | 130.53 |
| Cash and cash equivalents at the end of the year (Refer Note 9A) | 78.28 | 122.10 |
| Net increase / (decrease) in cash and cash equivalents | <u>(43.82)</u> | <u>(8.43)</u> |
| The above Cash Flow Statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow | | |
| The accompanying notes form an integral part of financial statements | | |

| | | |
|-----------------------------------|--|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For R.G.N. Price & Co | KT Vijayagopal | D Senthikumar |
| Chartered Accountants | Whole Time Director (Finance) & CFO | Whole Time Director (Operations) |
| Firm Regn No.002785S | DIN:02341353 | DIN:00202578 |
| Mahesh Krishnan | | K Priya |
| Partner | | Company Secretary |
| M.No. 206520 | | |
| Place : Chennai | | |
| Date : 14 th May, 2018 | | |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

1. General Information:

Tamilnadu Petroproducts Limited ('TPL' or 'the Company') is a Public Limited Company incorporated and domiciled in India, jointly promoted by Southern Petrochemicals Industries Corporation Limited (SPIC) and Tamilnadu Industrial Development Corporation Limited (TIDCO) and listed with National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd.(BSE). The registered office of the Company is situated at Chennai, Tamilnadu India.

The Company is primarily engaged in the manufacturing and sale of petrochemical products viz., Linear Alkyl Benzene (LAB), Caustic Soda, Chlorine and its derivatives at its facilities situated at Manali, Chennai.

The financial statements were authorized for issuance by the Company's Board of Directors on 14th May 2018.

2. Significant accounting policies:

2.1 Statement of compliance:

The financial statements in all its material aspects have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under sec.133 of the Companies Act,2013("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements for all accounting period up to the year ended 31st March 2017 were prepared and presented in accordance with the Accounting Standard notified under Section 133 of the Companies Act 2013 (Indian GAAP) read with the Companies (Accounting Standards) Rules,2006 and other relevant provisions of the Act/Rules.

These financial statements are the first financial statements of the Company under Indian Accounting Standards (Ind AS). The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'.

An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note number 49 First Time Adoption.

All amounts included in the financial statements are reported in Indian Rupees Lakhs and have been rounded off to nearest decimal of Lakhs.

2.2 Basis of measurement:

The financial statements of the Company have been prepared on historical cost convention and on accrual basis under the historical cost convention except for the following material items that have been measured at fair value as required by the relevant Accounting Standard:

- i. Certain financial assets and liabilities measured at fair value
- ii. Defined benefit plan and long term employee benefits.

The accounting policies have been consistently applied over all the periods presented in the financial statements.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated in a reasonable and prudent manner. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would have those characteristics into account when pricing the asset or a liability at the measurement date. Fair value or measurement and/or disclosure purposes in these separate financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

2.3 Use of Estimates:

In the application of the Company's accounting policies the Management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The areas involving critical estimates or judgments are:

- i. **Depreciation and amortization:** Depreciation and amortization is based on management estimates of the future useful life and residual value of certain class of property, plant and equipment and intangible assets. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.
- ii. **Employee Benefits:** The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations. Actuarial gains/losses relating to defined benefit obligation is recognized in Other Comprehensive income. The sensitivity analysis for changes in estimates is disclosed under relevant Notes.
- iii. **Provision and contingencies:** Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.
- iv. **Estimation of net realizable value of inventories:** Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories, the Company makes an estimate of future selling prices and cost necessary to make the sale.
- v. **Fair valuation:** Fair value is the market based measurement of observable market transaction or available market information.
- vi. **Taxes:** Significant judgments are required in determining the provision for taxes including the amount expected to be paid/recovered for uncertain tax positions

The principal accounting policies are set out below:

2.4 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities.

Ind AS 115 - Revenue from contracts with customers

The above Ind AS, notified by the Ministry of Corporate Affairs on 28th March 2018, will be effective from 1st April 2018. Revenue recognition under the new standard underlines the value of goods or services transferred to a customer that reflects the consideration commensurate with the value of goods and services so exchanged.

The Company will adopt the standard with effect from 1st April 2018 with cumulative effect of retrospective application recognised as transitional adjustments in retained earnings. However, in the opinion of the management, the effect on adoption of Ind AS 115, is not expected to be material.

2.4.1 Sale of goods

- Revenue from sale of goods are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers and as per the terms of contract. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.

2.4.2 Income from services

- Revenue from Service is recognized when the stage of completion can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Company and the cost incurred for the transaction and cost necessary to complete the transaction can be measured reliably. Stage of completion is measured by the services performed till the balance sheet date as a percentage of total services contracted.

2.4.3 Export Incentive

- Export benefits in the nature of focus market scheme are accrued in the year of exports based on the eligibility taking into consideration the prevailing regulations/policies and when there is no uncertainty in receiving the same. Adjustments, if any, to the amounts recognized in accordance with the accounting policy, based on final determination by the authorities, would be dealt with appropriately in the year of final determination and acceptance.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

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2.5 Other Income

Other income primarily comprises of interest income, dividend income, insurance receipts, foreign exchange gain/loss on financial assets / financial liabilities and on translation of other assets and liabilities. Interest income is recognized in the Statement of Profit and Loss using effective interest method at the time of accrual. Dividend income is recognized in the Statement of Profit and Loss when the right to receive payment is established. Foreign currency gain or loss is reported on net basis.

2.6 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.7 Foreign currencies:

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.8 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

2.9 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

2.9.1 Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

With regard to PF contribution made by the Company to a Self-Administered Trust, Company is liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such contribution and shortfall, if any, as an expense in the year incurred.

2.9.2 Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

2.9.3 Short-term employee benefits:

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognized as an expense as per Company's schemes based on expected obligation on an undiscounted basis.

2.9.4 Other long-term employee benefits:

Other Long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.10 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

2.11 Taxation

Income tax expense comprises current tax and deferred income tax.

- **Current tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

- **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets include unused tax credits.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

- **Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred income taxes are not recognized on undistributed earnings of subsidiaries where it is expected that earnings of subsidiaries will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

2.12 Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalization in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

- i) Certain Plant and Machinery used in Linear Alkyl Benzene plant – 4.5 years
- ii) Furniture and Fixtures depreciated – 5 years

Each major part of property, plant and equipment with a cost that is significant in relation to its total cost of the item is depreciated separately.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated. Leasehold land and leasehold improvements are amortized over the period of lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

2.13 Intangible Assets:

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Research costs are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible assets with finite useful life are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. An intangible asset with an indefinite useful life is not amortized.

The amortization period and the amortization method for intangible assets are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

2.14 Impairment of assets:

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognized. The recoverable amount is the higher of the fair value less its cost of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount factor.

Investments in subsidiaries and associates are reviewed for impairment if there is an indication that carrying amount may not be recoverable.

Impairment losses, if any, are recognized in the statement of profit and loss and included in the depreciation and amortization expense when there is indication that previously recognized impairment loss no longer exists or may have decreased due to change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such reversal of impairment loss is recognized in the statement of profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

2.15 Inventories:

Raw materials and other inventories are valued at lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

- Raw material, Stores and spares and packing materials – Weighted average cost.
- Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
- Stock-in-trade – Weighted average cost

Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.

Fixed overheads are allocated on the basis of normal production facilities.

Goods in transit are stated at actual cost incurred up to the reporting date.

2.16 Exceptional item:

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

2.17 Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation (legal and constructive) as a result of past events and when a reasonable estimate of the amount of obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognized. It is disclosed only when the inflow of economic benefits is probable.

2.18 Financial instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.19 Financial assets:

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.20 Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for Fair value through other Comprehensive income (FVTOCI) debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed off, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.21 Effective interest method:

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.22 Investments in subsidiaries:

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

2.23 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss are included in the 'Other income' line item.

2.24 Financial assets at fair value through profit or loss (FVTPL):

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

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

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Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.25 Impairment of financial assets:

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.26 Derecognition of financial assets:

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized

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and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.27 Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

2.28 Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

However, for non-held trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between lenders of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| 3. Property, plant and equipment and capital work-in-progress | | | |
| Land | 1,687.33 | 1,708.61 | 1,708.61 |
| Buildings | 792.34 | 962.40 | 1,029.94 |
| Plant and Machinery | 16,673.94 | 18,837.27 | 18,952.15 |
| Furniture and Fixtures | 16.32 | 21.13 | 26.48 |
| Office Equipment | 74.41 | 40.13 | 60.56 |
| Vehicles | 11.85 | 13.97 | 10.55 |
| | 19,256.19 | 21,583.51 | 21,788.29 |

| Particulars | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|---|-----------------|-----------------|-------------------|----------------------|------------------|--------------|------------------|
| Balance at April 1, 2016 (Deemed cost) | 1,708.61 | 1,029.94 | 18,952.15 | 26.48 | 60.56 | 10.55 | 21,788.29 |
| Additions | - | - | 1,737.13 | 1.55 | 15.13 | 5.73 | 1,759.54 |
| Disposals | - | (0.92) | (391.15) | (3.98) | (20.12) | (0.35) | (416.52) |
| Balance at March 31, 2017 | 1,708.61 | 1,029.02 | 20,298.13 | 24.05 | 55.57 | 15.93 | 23,131.31 |
| Additions | - | - | 222.01 | - | 61.32 | - | 283.33 |
| Disposals | - | (16.58) | (445.38) | - | (0.98) | - | (462.94) |
| Reclassified as held for sale | (21.28) | - | - | - | - | - | (21.28) |
| Balance at March 31, 2018 | 1,687.33 | 1,012.44 | 20,074.76 | 24.05 | 115.91 | 15.93 | 22,930.42 |

| Accumulated Depreciation and Impairment | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|--|-----------------|---------------|-------------------|----------------------|------------------|--------------|------------------|
| Balance at April 1, 2016 | - | - | - | - | - | - | - |
| Depreciation expense | - | 66.73 | 1,484.60 | 3.21 | 19.64 | 1.96 | 1,576.14 |
| Eliminated on disposals | - | (0.11) | (23.74) | (0.29) | (4.20) | - | (28.34) |
| Balance at March 31, 2017 | - | 66.62 | 1,460.86 | 2.92 | 15.44 | 1.96 | 1,547.80 |
| Depreciation expense | - | 161.45 | 2,026.77 | 4.81 | 26.95 | 2.12 | 2,222.10 |
| Eliminated on disposals | - | (7.97) | (86.81) | - | (0.89) | - | (95.67) |
| Balance at March 31, 2018 | - | 220.10 | 3,400.82 | 7.73 | 41.50 | 4.08 | 3,674.23 |
| Carrying amount at March 31, 2018 | 1,687.33 | 792.34 | 16,673.94 | 16.32 | 74.41 | 11.85 | 19,256.19 |

Capital work in progress movement

| | Total |
|-------------------------------------|-----------------|
| Balance at April 1, 2016 | 1,545.91 |
| Additions during the year 2016-17 | 910.85 |
| Capitalised during the year 2016-17 | (929.39) |
| Balance at March 31, 2017 | 1,527.37 |
| Additions during the year 2017-18 | 2,232.35 |
| Capitalised during the year 2017-18 | (42.38) |
| Balance at March 31, 2018 | 3,717.34 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(a) Adoption of Transitional provisions

In accordance with Ind AS transitional provisions, the Company has opted to consider previous GAAP carrying value of property, plant and equipment as deemed cost as on the transition date i.e. 01st April 2016. The following table provides the value of gross block and the carrying value considered in previous GAAP as on 01st April 2016.

| Particulars | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|--|----------|-----------|-------------------|----------------------|------------------|----------|------------|
| Gross block as on 01 st April 2016 | 1,708.61 | 4,729.03 | 119,006.09 | 146.29 | 670.43 | 33.73 | 126,294.18 |
| Accumulated Depreciation as on 01 st April 2016 | - | 3,699.09 | 100,053.94 | 119.81 | 609.87 | 23.18 | 104,505.89 |
| Net block treated as Deemed cost upon transition | 1,708.61 | 1,029.94 | 18,952.15 | 26.48 | 60.56 | 10.55 | 21,788.29 |

(b) Includes ₹ 119.01 lakhs being cost of building on leasehold land

(c) Assets pledged as security

Fixed assets of the company carry *pari-passu* second charge in favour of the multiple bankers, as security for working capital facility availed

(d) Contractual obligations

Contractual commitments for the acquisition of property, plant and equipment ₹ 833.42 lakh

| 4 | Investments | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|-------------|---------------------------------------|---------------------------------------|---------------------------------------|
|---|-------------|---------------------------------------|---------------------------------------|---------------------------------------|

Non-current investments:

(A) Investments in subsidiaries - Equity Shares (fully paid) Unquoted (Trade): Instruments at cost

| | | | |
|--|-----------------|-----------------|-----------------|
| 2,04,190 (31 st March 2017: 2,04,190) Equity shares of US \$ 100 each fully paid up in Certus Investment & Trading Limited, Mauritius | 9,645.13 | 9,645.13 | 9,645.13 |
| Total - Investments in subsidiaries (A) | 9,645.13 | 9,645.13 | 9,645.13 |

(B) Other Investments:

| | | | |
|---|-----------------|-----------------|-----------------|
| (a) 1,00,000 Equity shares of ₹ 10 each fully paid up in SEPC Power (Private) Limited (formerly known as SPIC Electric Power Corporation Private Limited) | 16.93 | 16.93 | 16.93 |
| (b) Ushdev Engitech Limited | | | |
| 22,463 Equity Shares of ₹ 10 each fully paid up | 2.24 | 2.24 | 2.24 |
| (c) Watsun Infrabuild Private Limited | | | |
| 26,79,941 Equity shares of ₹ 10 each fully paid up | 267.99 | - | - |
| (d) OPG Power Generation Private Limited | | | |
| 2,76,200 (31 st March 2017: 197400) Equity shares of ₹10 each fully paid up | 31.76 | 21.71 | 24.28 |
| Total - Other investments (B) | 318.92 | 40.88 | 43.45 |
| Aggregate amount of unquoted investments (A+B) | 9,964.05 | 9,686.01 | 9,688.58 |

- a) In respect of investment in Standard Motor Products of India Limited of 40,00,000 Equity Shares of ₹ 10 each at a cost ₹ 400 Lakhs, both the cost and provision for diminution in value were reversed as at 1.4.2016 in view of the fact that the company was wound up.
- b) Provision for diminution in value of investment in subsidiary ₹ 1978.11 lakhs was reversed adopting cost model as prescribed under Ind AS 101.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| 5 Other financial assets | | | |
| Security deposits | 88.64 | 95.72 | 102.37 |
| Deferral deposit | 31.37 | 37.62 | 44.30 |
| | 120.01 | 133.34 | 146.67 |
| 6 Other Non-Current assets | | | |
| Capital advances | 113.80 | 226.91 | - |
| Security deposits | 308.86 | 1,249.35 | 1,141.78 |
| | 422.66 | 1,476.26 | 1,141.78 |
| 7 Inventories | | | |
| Inventories | | | |
| - Raw materials | 3,703.96 | 3,892.18 | 2,881.31 |
| -Work-in-progress | 101.42 | 299.93 | 108.81 |
| -Finished goods | 4,126.48 | 467.33 | 487.70 |
| -Stores and spares | 2,657.48 | 2,407.69 | 2,687.93 |
| | 10,589.34 | 7,067.13 | 6,165.75 |
| Inventories are valued at lower of cost or net realisable value. | | | |
| 8 Trade receivables (Unsecured) | | | |
| Considered good | 6,657.63 | 6,820.56 | 3,137.34 |
| Doubtful | 50.09 | 33.73 | 22.08 |
| Allowance for doubtful debts | (50.09) | (33.73) | (22.08) |
| | 6,657.63 | 6,820.56 | 3,137.34 |
| <p>a) Trade receivables are generally due between 0 to 30 days. The Company's terms of sale include charging of interest for delayed payment beyond agreed credit days. However, the Company charges interest after considering the historical trend, business prospects, reason for delay, market conditions etc.</p> <p>b) The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix which takes into account the historical credit loss experience adjusted for forward looking information.</p> <p>c) Concentration of revenues from two customers of the Company was 60% & 55% of total revenue for the year ended 31st March, 2018 and 31st March, 2017 respectively.</p> | | | |
| 9A Cash and Cash equivalents | | | |
| Balances with Banks | | | |
| - In current accounts | 77.14 | 21.85 | 129.68 |
| Cheques on hand | - | 100.00 | - |
| Cash on hand | 1.14 | 0.25 | 0.85 |
| | 78.28 | 122.10 | 130.53 |
| 9B Bank balances other than above | | | |
| Margin money deposits | 1,923.81 | 1,106.91 | 923.70 |
| Unclaimed dividend account (Refer note 21) | 44.28 | 58.38 | 58.47 |
| Other Fixed deposits # | 3,808.09 | 53.73 | 53.73 |
| | 5,776.18 | 1,219.02 | 1,035.90 |
| Total (A+B) | 5,854.46 | 1,341.12 | 1,166.43 |

represents deposits with original maturity more than three months.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| 10 Other Financial Assets | | | |
| Security deposits | 33.53 | 33.13 | 52.91 |
| Loans and advances to employees | 0.59 | 1.80 | 7.62 |
| Balances with Government Authorities | | | |
| (i) CENVAT/GST credit receivable | 597.26 | 171.49 | 82.43 |
| (ii) VAT credit receivable | - | 20.52 | 1.49 |
| (iii) Service tax credit receivable | - | 42.34 | 195.71 |
| (iv) Customs duty | - | - | 1.99 |
| Export benefits receivable | - | 47.58 | 111.90 |
| Interest accrued on Deposits | 35.50 | - | 28.87 |
| Other loans and advances | 16.24 | 19.87 | 15.45 |
| | <u>683.12</u> | <u>336.73</u> | <u>498.37</u> |
| 11 Other Current assets | | | |
| Advances given to suppliers | 974.28 | 767.46 | 1,774.60 |
| Prepaid expenses | 321.04 | 293.17 | 13.78 |
| Balances with Customs, Sales Tax and Excise Authorities | 272.14 | 865.06 | 848.92 |
| Advance Income Tax (net of provision) | 679.16 | - | 279.68 |
| | <u>2,246.62</u> | <u>1,925.69</u> | <u>2,916.98</u> |
| 12 Assets classified as held for Sale: | | | |
| Asset held for sale - Land | 21.28 | - | - |
| | <u>21.28</u> | <u>-</u> | <u>-</u> |
| | | | |
| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
| 13 Equity Share Capital | | | |
| Authorised Share capital : | | | |
| 200,000,000 (as at 31 March 2017: 200,000,000 & as at 01 st April 2016: 200,000,000) fully paid equity shares of ₹ 10 each with voting rights | 20,000.00 | 20,000.00 | 20,000.00 |
| Issued | | | |
| 89,976,899 (as at 31 March 2017: 89,976,899 & as at 01 st April 2016: 89,976,899) equity shares of ₹ 10 each with voting rights | 8,997.69 | 8,997.69 | 8,997.69 |
| Subscribed and fully paid up | | | |
| 89,971,474 (as at 31 March 2017: 89,971,474 & as at 01 st April 2016: 89,971,474) equity shares of ₹ 10 each with voting rights | 8,997.15 | 8,997.15 | 8,997.15 |
| | <u>8,997.15</u> | <u>8,997.15</u> | <u>8,997.15</u> |

13.01 In December 1993, the Company came out with Rights cum Public Issue of Equity Shares. The difference between issued and subscribed capital of 5,425 shares (previous year 5,425 shares) is due to said shares kept in abeyance under Section 126 of the Companies Act, 2013.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

13.02 There has been no movement in the Share Capital during the period. The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of repayment of Share Capital, the same will be in proportion to the number of equity shares held.

| | Number of shares | Amount |
|--|------------------|----------|
| Balance as at 1 st April, 2016 | 89,971,474 | 8,997.15 |
| Movements | - | - |
| Balance as at 31 st March, 2017 | 89,971,474 | 8,997.15 |
| Movements | - | - |
| Balance as at 31 st March, 2018 | 89,971,474 | 8,997.15 |

Fully paid equity shares, which have a par value of ₹ 10, carry one vote per share and carry a right to dividends.

13.03 Details of shares held by each shareholders holding more than 5% shares:

| | As at 31 st March, 2018 | | As at 31 st March, 2017 | |
|---|------------------------------------|--------------|------------------------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Fully paid equity shares | | | | |
| Tamilnadu Industrial Development Corporation Limited | 15,843,751 | 17.61 | 15,843,751 | 17.61 |
| Southern Petrochemical Industries Corporation Limited | 15,234,375 | 16.93 | 15,234,375 | 16.93 |
| Sri Kesavan Advisory Services Private Limited | 6,682,862 | 7.43 | 6,682,862 | 7.43 |

13.04 Dividend of ₹ 0.50 per share is proposed for the year ended 31st March 2018. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|-------------|---------------------------------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|---------------------------------------|

14 Other Equity

I. Reserves and Surplus

| | | | |
|--|-----------|-----------|-----------|
| A. General reserve | 14,890.38 | 14,890.38 | 14,890.38 |
| B. Securities premium | 4,611.57 | 4,611.57 | 4,611.57 |
| C. Capital reserve | 42.23 | 42.23 | 42.23 |
| D. Other Reserve | 1,986.18 | 1,986.18 | 1,986.18 |
| E. Surplus in Statement of Profit and Loss | 4,971.90 | 300.87 | (628.98) |

II. Other Comprehensive income

| | | | |
|--|------------------|------------------|------------------|
| Remeasurement of Defined Benefit Liabilities | (63.91) | 24.87 | - |
| | <u>26,438.35</u> | <u>21,856.10</u> | <u>20,901.38</u> |

A. General reserve

| | | | |
|------------------------------|------------------|------------------|------------------|
| Balance at beginning of year | 14,890.38 | 14,890.38 | 14,890.38 |
| Movements | - | - | - |
| Balance at end of year | <u>14,890.38</u> | <u>14,890.38</u> | <u>14,890.38</u> |

B. Securities premium

| | | | |
|------------------------------|-----------------|-----------------|-----------------|
| Balance at beginning of year | 4,611.57 | 4,611.57 | 4,611.57 |
| Movements | - | - | - |
| Balance at end of year | <u>4,611.57</u> | <u>4,611.57</u> | <u>4,611.57</u> |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|--|--|---|
| C. Capital reserve | | | |
| Balance at beginning of year | 42.23 | 42.23 | 42.23 |
| Movements | - | - | - |
| Balance at end of year | 42.23 | 42.23 | 42.23 |
| D. Other Reserve* | | | |
| Particulars | | | |
| Balance at beginning of year | 1,986.18 | 1,986.18 | 1,986.18 |
| Movements | - | - | - |
| Balance at end of year | 1,986.18 | 1,986.18 | 1,986.18 |
| * Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to Ind AS as on 01 st April 2016. | | | |
| E. Surplus in Statement of Profit and Loss | | | |
| Particulars | As at 31st March, 2018 | As at 31st March, 2017 | As at 1st April, 2016 |
| Opening balance | 300.87 | (628.98) | (6,428.94) |
| Add: Profit for the year | 4,671.03 | 929.85 | 3,814.92 |
| Add: Investments in Subsidiary | - | - | 1,978.11 |
| Add: Fair value of investments | - | - | 6.93 |
| Closing balance | 4,971.90 | 300.87 | (628.98) |
| F. Re-measurement of Defined Benefit Liabilities | | | |
| Particulars | | | |
| Opening balance | 24.87 | - | - |
| Movements | (88.78) | 24.87 | - |
| Closing balance | (63.91) | 24.87 | - |
| 15 Non-Current borrowings | | | |
| Interest free deferred sales tax loan (unsecured) | - | 216.16 | 526.51 |
| | - | 216.16 | 526.51 |
| 16 Other financial liabilities | | | |
| Security deposit received | 4.89 | 9.21 | 9.21 |
| Other payables* | 16.93 | 16.93 | 16.93 |
| | 21.82 | 26.14 | 26.14 |
| * represents advance received against disposal of equity interests (1,00,000 equity shares) in SEPC Power (Private) Limited upon completion of power project. | | | |
| 17 Provisions | | | |
| Provision for: | | | |
| Compensated absences | 372.36 | 369.46 | 272.02 |
| Contingencies | 6,775.62 | 5,180.06 | 132.99 |
| | 7,147.98 | 5,549.52 | 405.01 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| 18 Deferred tax balances | | | |
| Deferred tax liabilities in relation to : | | | |
| Property, plant and equipment | <u>3,844.72</u> | <u>4,159.53</u> | <u>3,925.48</u> |
| | 3,844.72 | 4,159.53 | 3,925.48 |
| Deferred tax assets in relation to : | | | |
| Unabsorbed depreciation and carried forward of losses | - | 3,340.78 | 3,821.50 |
| Employee benefits | 130.12 | 38.41 | 97.15 |
| Allowance for doubtful debts | 17.50 | 4.03 | 6.83 |
| Expenses allowable on payment basis | <u>812.80</u> | <u>-</u> | <u>-</u> |
| | 960.42 | 3,383.22 | 3,925.48 |
| Deferred Tax | <u>2,884.30</u> | <u>776.31</u> | <u>-</u> |
| MAT Credit Entitlement | <u>1,457.28</u> | <u>352.72</u> | <u>-</u> |
| Deferred tax liabilities (net) | 1,427.02 | 423.59 | - |

Reconciliation between book and taxable profits

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| a. Reconciliation between book and taxable profits for the year: | | |
| Income from Business: | | |
| Profit before tax as shown in the Statement of Profit and Loss | 7,191.32 | 4,170.64 |
| Add: Interest on Income Tax | - | 23.67 |
| Less: Re-measurement of Defined Benefit Obligation | 88.78 | (24.87) |
| Income from Business | 7,102.54 | 4,219.18 |
| Less: Adjustments for Minimum Alternate Tax computation | (4.97) | (2,566.44) |
| Total Taxable income | 7,107.51 | 1,652.74 |
| b. Calculation of Income tax and tax paid : | | |
| Total Taxable income | 7,107.51 | 1,652.74 |
| Income tax @ 18.5% | 1,314.89 | 305.76 |
| Surcharge @12% | 157.79 | 36.69 |
| Cess@ 3% | 44.18 | 10.27 |
| Total Tax including surcharge and Cess | 1,516.86 | 352.72 |

19 Borrowings

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Secured | | | |
| Loan repayable on demand from Banks | <u>3,599.46</u> | <u>3,931.20</u> | <u>5,692.71</u> |
| Total current borrowings | 3,599.46 | 3,931.20 | 5,692.71 |

Working capital loans are secured by hypothecation of inventories both on hand and in transit, book debts and other receivables, both present and future and further secured by way of mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking *pari passu* amongst multiple bankers.

The above loans carry varying rates of interests with the maximum rate of interest being 15.10% (As at 31st March 2017: 15.10% and as at 1st April 2016: 15.70%) per annum. The weighted average rate of interest of these loans is 12.86% (2016-17: 14.09%) per annum.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|---|---|---------------------------------------|
| 20 Trade payables | | | |
| Acceptances | 586.73 | 762.53 | - |
| Trade payables | | | |
| (i) dues to micro and small enterprises (note no.35B) | 49.14 | - | - |
| (ii) dues to other than micro and small enterprises | 8,984.94 | 9,030.58 | 7,338.07 |
| (iii) dues to capital commitments | 330.41 | 117.00 | - |
| (iv) dues to related parties (note no.48) | 9.61 | 13.26 | 12.66 |
| | <u>9,960.83</u> | <u>9,923.37</u> | <u>7,350.73</u> |
| 21 Other Current Financial Liabilities | | | |
| Current maturities of long term debt | - | 310.37 | 460.15 |
| Interest accrued but not due | 0.95 | - | - |
| Unclaimed dividends * | 44.28 | 58.38 | 58.47 |
| Deposits | 10.00 | 10.00 | 10.18 |
| Defined Benefit Obligation | 61.25 | - | - |
| Others | 470.20 | - | - |
| | <u>586.68</u> | <u>378.75</u> | <u>528.80</u> |
| * Of the above, amount to be credited to Investor Education and Protection Fund | Nil | Nil | Nil |
| 22 Provisions | | | |
| Provision for: | | | |
| (a) Compensated absences | 50.84 | 55.94 | 42.39 |
| (b) Provision for taxation (net) | - | 1.28 | - |
| (c) Contingencies | 730.91 | - | - |
| | <u>781.75</u> | <u>57.22</u> | <u>42.39</u> |
| 23 Other Current Liabilities | | | |
| Gratuity payable | 317.92 | 106.95 | 244.22 |
| Statutory remittances due | 137.96 | 392.55 | 368.90 |
| Other Payables | 115.78 | 39.02 | 12.16 |
| Advance received from customers | - | - | 1,000.00 |
| Advance received from Insurance Company | - | - | 2,100.00 |
| | <u>571.66</u> | <u>538.52</u> | <u>3,725.28</u> |
| 24. Revenue from operations | | | |
| | Year ended 31st March, 2018 | Year ended 31st March, 2017 | |
| Sale of products | 108,158.63 | 100,736.57 | |
| Sale of services | 24.40 | 21.10 | |
| Other operating revenues | 326.22 | 296.23 | |
| | <u>108,509.25</u> | <u>101,053.90</u> | |
| Less: Excise Duty | 3,618.87 | 12,168.74 | |
| | <u>104,890.38</u> | <u>88,885.16</u> | |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| Sale of products comprises | | |
| Manufactured goods | | |
| Linear Alkyl Benzene | 91,586.76 | 89,595.08 |
| Caustic soda | 12,212.99 | 7,399.04 |
| Others | 3,045.71 | 2,443.30 |
| | <u>106,845.46</u> | <u>99,437.42</u> |
| Traded goods | | |
| LAB | 1,313.17 | 1,299.15 |
| Total - Sale of products | <u>108,158.63</u> | <u>100,736.57</u> |
| Sale of services comprise | | |
| Effluent Treatment / Hydrogen Testing / Storage | 24.40 | 21.10 |
| Total - Sale of Services | <u>24.40</u> | <u>21.10</u> |
| Other operating revenue comprises | | |
| Scrap sales | 326.22 | 248.65 |
| Export incentive | - | 47.58 |
| Total - Other operating revenue | <u>326.22</u> | <u>296.23</u> |
| 25. Other income | | |
| Interest | | |
| from bank deposits | 204.21 | 67.67 |
| from others | 17.51 | 91.30 |
| Dividend income from long term investment | 0.05 | - |
| Insurance claim received | 489.52 | - |
| Provision no longer required written back | - | 60.18 |
| Sundry balances written back | - | 65.13 |
| Others | 18.95 | 4.96 |
| | <u>730.24</u> | <u>289.24</u> |
| 26. Cost of materials consumed | | |
| Opening stock | 3,892.18 | 2,881.31 |
| Add: Purchases | 58,450.91 | 51,423.86 |
| | <u>62,343.09</u> | <u>54,305.17</u> |
| Less: Closing Stock | 3,703.96 | 3,892.18 |
| Cost of material consumed | 58,639.13 | 50,412.99 |
| Material consumed comprises: | | |
| Kerosene | 27,728.48 | 22,852.13 |
| Benzene | 19,965.02 | 16,223.42 |
| Normal Paraffin | 9,673.14 | 10,000.21 |
| Salt | 1,078.71 | 895.06 |
| Others | 193.78 | 442.17 |
| | <u>58,639.13</u> | <u>50,412.99</u> |
| 27. Purchase of Stock in trade | | |
| Linear Alkyl Benzene | 1,269.65 | 1,257.58 |
| | <u>1,269.65</u> | <u>1,257.58</u> |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| 28. Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| Inventories at the end of the year | | |
| Finished goods | 4,126.48 | 467.33 |
| Work-in-progress | 101.42 | 299.93 |
| | <u>4,227.90</u> | <u>767.26</u> |
| Inventories at the beginning of the year | | |
| Finished goods | 467.33 | 487.70 |
| Work-in-progress | 299.93 | 108.81 |
| | <u>767.26</u> | <u>596.51</u> |
| | <u>(3,460.64)</u> | <u>(170.75)</u> |
| 29. Employee benefits expense | | |
| Salaries and wages | 2,346.62 | 2,154.26 |
| Contributions to provident and other funds | 428.26 | 272.63 |
| Staff welfare expenses | 429.37 | 406.08 |
| | <u>3,204.25</u> | <u>2,832.97</u> |
| 30. Finance costs | | |
| Interest expense on borrowings | 426.07 | 693.62 |
| Interest expense on tax demand relating to earlier years | 427.65 | 2,573.28 |
| Bank charges | 167.62 | 165.07 |
| Net loss on foreign currency transactions and translation considered as finance cost | - | 3.40 |
| | <u>1,021.34</u> | <u>3,435.37</u> |
| 31. Depreciation /Amortization | | |
| Depreciation for the year | <u>2,222.10</u> | <u>1576.14</u> |
| | <u>2,222.10</u> | <u>1,576.14</u> |
| 32. Other expenses | | |
| Consumption of stores and spare parts | 3,333.02 | 3,689.65 |
| Utilities consumed | 438.27 | 491.40 |
| Power and fuel | 20,604.07 | 17,097.64 |
| Renewable Energy Power Obligation (RPO) | 1,163.39 | - |
| Rent including lease rentals | 166.18 | 155.87 |
| Repairs to buildings | 351.32 | 11.28 |
| Repairs to machinery | 1,190.76 | 1,315.68 |
| Payment to Auditors: | | |
| Towards audit fee | 12.50 | 17.00 |
| For other services | 7.75 | 9.00 |
| Out of pocket expenses | - | 1.00 |
| Insurance | 324.16 | 288.81 |
| Rates and Taxes | 380.35 | 868.35 |
| Freight and forwarding | 2,787.82 | 2,403.68 |
| Net loss on foreign currency transactions (other than considered as finance cost) | - | 6.17 |
| Loss on fixed assets sold/scrapped | 367.27 | 386.97 |
| Provision for doubtful receivables | 16.36 | 11.65 |
| Advances written off | 241.50 | - |
| Increase / (decrease) of excise duty on inventory | 3.95 | (1.51) |
| Referral Charges | 3,569.14 | - |
| Miscellaneous expenses | <u>1,498.12</u> | <u>1,406.82</u> |
| | <u>36,455.93</u> | <u>28,159.46</u> |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| 33 Exceptional item | | |
| a) Insurance claim received (Refer note 43) | 922.46 | 2500.00 |
| | 922.46 | 2500.00 |

34 Contingent Liabilities and commitments

Particulars

| As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April 2016 |
|-------------------------|-------------------------|------------------------|
|-------------------------|-------------------------|------------------------|

Contingent liabilities:

A1. Disputed Demands under Appeals

| | | | |
|------------------|----------|----------|----------|
| i) Sales Tax | 1,731.25 | 1,731.25 | 1,731.25 |
| ii) Excise Duty | 312.70 | 260.61 | 259.29 |
| iii) Service Tax | 415.86 | 536.12 | 339.05 |
| iv) Income Tax | 2,390.00 | 1,089.68 | 5,393.66 |

Demands disputed by the Company and appeals filed against these disputed demands are pending before respective appellate authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals.

| | | | |
|--------------------|----------|----------|----------|
| v) Electricity Tax | 1,054.93 | 1,054.93 | 1,054.93 |
|--------------------|----------|----------|----------|

The Tamilnadu Government vide Government Order dated 23rd September 1996 exempted specified industries permanently from payment of electricity tax on consumption of self-generated electrical energy under the "Tamilnadu Electricity (Taxation on Consumption) Act, 1962".

The above Act was repealed by the "Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003", withdrawing the exemption granted to specified industries.

The Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court and the Company filed a "Special Leave Petition" (SLP) before the Supreme Court. On 15th May 2007 the Supreme Court held that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax.

In November 2007, the Government of Tamilnadu passed "the Tamilnadu Tax on Consumption or Sale of Electricity Amendment Act" amending the 2003 Act to invalidate the exemption granted with retrospective effect. The writ petitions filed before the division bench of the High Court against this amendment were dismissed by its Order dated 15.06.2012.

The Company has filed a SLP before the Supreme Court in October 2012 challenging the High Court Order and is hopeful of a favourable decision by Supreme Court especially on invalidation of the exemption granted with retrospective effect. Accordingly, no provision is considered necessary for the electricity tax relating to the period from 2003 to 2008 aggregating to ₹ 1054.93 lakhs. However, provision has been made for this liability for subsequent periods excluding the periods for which specific exemption were granted through notifications.

| | | | |
|---|----------|---|---|
| vi) Cross Subsidy Charge under Group Captive Scheme | 6,130.48 | - | - |
|---|----------|---|---|

The Company has invested in various power generating companies under Group Captive Schemes governed by individual power purchase agreements with the private power producers. As per the covenants of the Group Captive Scheme introduced by Government of India, Ministry of Power in exercise of its power under Section 176 of the Electricity Act, 2003, captive users are required to hold collectively not less than 26% of the share capital in the generating units and consume not less than 51% of the power generated on an annual basis. Non compliance with either of the conditions above shall attract cross subsidy charges at applicable rates for power consumed from various class of power sources. The Company has received a demand from Tamilnadu Electricity Board (TNEB) for ₹ 61.30 crores in respect of power purchased by the company under Group Captive Scheme during the years 2014-15 to 2016-17, alleging non compliance with covenants during the entire period mentioned above, even though such non compliance was for a limited period in 2015-16 due to disrupted operations during December 2015 floods. As per management estimates no liability is likely to accrue to the company in this regard as a writ petition has been filed by the private power producers before the Honourable High Court of Madras, challenging levy of cross subsidy, which is expected to be disposed off in favour of the power producers.

The Company does expect any reimbursement in respect of above contingent liabilities.

B Commitments

| | | | |
|---------------------|--------|--------|-------|
| Capital commitments | 833.42 | 461.74 | 45.13 |
|---------------------|--------|--------|-------|

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 01 st April 2017 | Additions | Utilisation / Reversals | As at 31 st March 2018 |
|--|--------------------------------------|-----------------|----------------------------|--------------------------------------|
| 35A Provision for Contingencies: | | | | |
| Provision for contingencies: | | | | |
| (a) Income tax matters (Note i) | 5,014.07 | - | - | 5014.07 |
| (b) Renewable Energy Purchase Obligation (RPO) (Note ii) | - | 1163.39 | - | 1163.39 |
| (c) Excise duty (Note iii) | - | 730.91 | - | 730.91 |
| (d) Electricity Tax (Note iv) | 132.99 | - | - | 132.99 |
| (e) Electricity Cross subsidy charge (Note v) | - | 226.71 | - | 226.71 |
| (f) Open Space Reservation charges (Note vi) | - | 205.46 | - | 205.46 |
| (g) Others (Note vii) | 33.00 | - | - | 33.00 |
| | <u>5,180.06</u> | <u>2,326.47</u> | <u>-</u> | <u>7,506.53</u> |

Notes:

i) Income tax matters:

In respect of Assessment year 2001-02, Income Tax Appellate Tribunal upheld the reopening and reassessment by the department and remanded the case for fresh assessment on merit basis. Consequent to this, during the year 2016-17, the company made a provision towards the tax demand of ₹ 2,464.48 lakhs and interest demand of ₹ 2,549.59 lakhs based on prudence. The Company has filed further appeal before the Honourable High Court of Madras challenging the order of ITAT in this regard.

ii) Renewable Energy Purchase Obligation (RPO):

The Company has disputed the obligation under the "Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011" under Gazette notification TNERC/RPO/19/2 dated 29th July 2011 and filed a Writ Petition in March 2012 before the Honourable Madras High Court. On 26th March 2012, an interim stay was granted by the Honourable Madras High Court on the operation of the Regulations. In view of developments elsewhere in the country on similar matter and as advised by the legal counsel, the Company has provided for the above liability during the year.

iii) Excise duty:

- Consequent to the commencement of assessment proceedings by the Principal Commissioner CE&ST in response to Supreme Court's order dated 11.8.2015 in the matter, a sum of ₹ 499.36 Lakhs representing excise duty differential on sale of products to a related party and interest thereon has been provided for during the year.
- Cenvat Credit availed on certain capital goods disallowed by the Principal commissioner of CE&ST, appealed before Commissioner (Appeals) by the Company, a sum of ₹ 231.55 Lakhs has been provided for as advised by the legal counsel in the light of unsustainability of appeals in this regard.

iv) Electricity Cess:

This relates to Electricity Tax on consumption of self generated power by the Company for the period 2011 to 2012. The exemption granted by TNEB for self generation was not applicable to the above period and hence the tax relating to that period amounting to ₹ 132.99 lakhs was provided.

v) Electricity Cross subsidy charges:

TNEB levied cross subsidy charge on third party power purchases by the Company during the year 2012. Company challenged the same before Honourable Madras High Court and stay was obtained. However, TNEB has gone on appeal before Supreme Court. Based on current developments and legal counsel opinion, a sum of ₹ 226.71 lakhs (including interest of ₹ 71.68 lakhs) has been provided during the year.

vi) Open Space Reservation Charges

This relates to demand from Chennai Metropolitan Development Authority towards non compliance of Open Space Reservation in the construction of factory buildings in the Petro Araldite Project, a Joint Venture between the Company and Vantico Performance & Polymers P Ltd. Upon termination of the JV agreement, the assets were taken over by the company. In view of the non compliance mentioned above the demand has been provided for without prejudice to the company's appeal for reconsideration of guideline value adopted for arriving at the quantum of demand.

- Others:** Represents Lease rental demand charges from Revenue Authorities for years 2006-07 and 2007-08 under dispute. The Company does not expect any reimbursement in respect of above Provision for Contingencies.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

35B. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Principal amount remaining unpaid to suppliers is ₹ 49.14 lakhs (Refer Note: 20) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. There were no overdue amounts / interest payable to Micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date or any time during the year.

36 Employee benefit plans

a) Defined contribution plans

The Company makes Provident fund contributions to defined contribution plans for qualifying employees. Under this scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable by the Company to these plans are at the rates specified in the rules of the schemes.

| Particulars | For the year | |
|--|--------------|---------|
| | 2017-18 | 2016-17 |
| Contribution to provident fund recognised in profit and loss | 89.64 | 92.44 |

b) Defined benefit plans

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation carried out at the year end. The Gratuity scheme of the Company is funded with the Life Insurance Corporation of India.

The details of actuarial valuation in respect of Gratuity are as given below:

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---|---------------------------------------|---------------------------------------|
| i) Change in Defined Benefit Obligation (DBO) during the year: | | |
| Present value DBO at the beginning of the year | 670.51 | 661.23 |
| Service cost | 115.83 | 31.81 |
| Interest cost | 48.61 | 47.94 |
| Remeasurment (gain)/loss | (7.35) | 22.91 |
| Actuarial (gain)/loss arising from experience adjustments | 101.40 | (48.94) |
| Benefits paid | (80.00) | (44.44) |
| Present value DBO at the end of the year | 849.00 | 670.51 |
| ii) Change in fair value of plan assets during the year: | | |
| Fair value of plan assets as at beginning of the year | 567.56 | 417.01 |
| Expected return on planned assets | 38.25 | 34.48 |
| Contributions | - | 161.66 |
| Benefits paid | (80.00) | (44.44) |
| Re-measurment gain/(loss) | 5.27 | (1.15) |
| Fair value of plan asset at the end of the year | 531.08 | 567.56 |
| iii) Amount recognised in the balance sheet | | |
| Present value DBO at the end of the year | 849.00 | 670.51 |
| Fair value of the plan assets at the end of the year | 531.08 | 567.56 |
| (Liability) / Asset recognised in the Balance sheet - net | (317.92) | (102.95) |
| iv) Components of employer expenses: | | |
| Current service cost | 115.83 | 31.81 |
| Interest cost / (income) on net defined benefit obligation | 10.36 | 13.46 |
| Expense recognised in Statement of Profit and Loss | 126.19 | 45.27 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---|---------------------------------------|---------------------------------------|
| v) Re-measurement on the net defined benefit obligation | | |
| Return on plan assets (excluding interest income) | (5.27) | 1.15 |
| Actuarial loss arising from changes in financial assumptions | (7.35) | 22.91 |
| Actuarial loss arising from changes in experience adjustments | 101.40 | (48.94) |
| Re-measurements recognised in other comprehensive income | 88.78 | (24.88) |
| Total defined benefit cost recognised | 214.97 | 20.39 |

ASSUMPTIONS

The principal assumptions used for the purposes of the actuarial valuations are given below:

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---------------------------|---|---------------------------------------|---------------------------------------|
| Discount rate | 7.44% | 7.25% | 8% |
| Expected rate of return | 7% | 7.25% | 8% |
| Expected salary increment | 5% | 5% | 5% |
| Attrition rate | 4% | 3% | 3% |
| Mortality table used | Indian Assured Lives Morality (2006-08) | | |

Sensitivity analysis - DBO at the end of the year

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|--------------------------------|---------------------------------------|---------------------------------------|
| i Discount -0.5% | 868.54 | 686.67 |
| ii Discount +0.5% | 830.31 | 655.07 |
| iii Escalation -0.5% | 829.80 | 654.84 |
| iv Escalation +0.5% | 868.73 | 686.77 |
| v Mortality x 95% | 848.92 | 670.45 |
| vi Mortality x 105% | 949.11 | 670.59 |
| vii Attrition x 95% | 846.82 | 669.68 |
| viii Attrition x 105% | 851.12 | 672.28 |
| ix ₹ 1,000,000 Benefit Ceiling | 843.05 | 670.52 |
| x No Benefit Ceiling | 849.03 | 672.09 |

| | | |
|---|-------------------|-------------------|
| Weighted average duration of DBO | 6.44 Years | 6.75 Years |
|---|-------------------|-------------------|

Expected cash flows

| | | |
|---|--------|--------|
| 1 Expected employer contribution in the next year | 100.00 | 80 |
| 2 Expected benefit of payments | | |
| Year 1 | 100.59 | 79.62 |
| Year 2 | 127.17 | 107.71 |
| Year 3 | 137.84 | 95.03 |
| Year 4 | 147.73 | 92.32 |
| Year 5 | 113.18 | 101.96 |
| Beyond 5 years | 416.07 | 337.99 |

37. CIF Value of Imports

| | | |
|-------------------|------------------|-----------------|
| Traded goods | 1,269.65 | 1,257.58 |
| Intermediates | 8,529.99 | 4,945.10 |
| Stores and spares | 1,419.69 | 986.20 |
| | 11,219.33 | 7,188.88 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

38. Expenditure in Foreign Currency

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---------------------------|---------------------------------------|---------------------------------------|
| Travel and training | 27.66 | - |
| Technical services | 109.91 | 86.05 |
| Interest on buyers credit | 7.90 | 4.20 |
| Subscription | 34.49 | 27.95 |
| | 179.96 | 118.20 |

39. Earnings in Foreign Exchange

| | | |
|------------------------------|--------|----------|
| Export of goods on FOB basis | 392.28 | 2,667.82 |
|------------------------------|--------|----------|

40. Earnings per share

| | | |
|--|-------------|-------------|
| Profit after taxation (₹ In lakh) | 4,671.03 | 929.85 |
| Weighted number of equity shares outstanding | 8,99,71,474 | 8,99,71,474 |
| Basic earnings per share - (Face value – ₹ 10/- per share) | 5.19 | 1.03 |

| | | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|-----|--|---------------------------|--------------------|---------------------------|--------------------|
| | | % of Total Consumption | Value (₹ in Lakhs) | % of Total Consumption | Value (₹ in Lakhs) |
| 41. | Consumption of Imported and Indigenous raw materials, stores and spare parts and percentage of each to total consumption | | | | |
| | (i) Raw materials and intermediates consumed | | | | |
| | Imported | 16.67 | 9,773.14 | 19.84 | 10,000.21 |
| | Indigenous | 83.33 | 48,865.99 | 80.16 | 40,412.78 |
| | | 100.00 | 58,639.13 | 100.00 | 50,412.99 |
| | (ii) Stores and spare parts consumed | | | | |
| | Imported | 42.59 | 1,419.69 | 36.13 | 1,333.05 |
| | Indigenous | 57.41 | 1,913.33 | 63.87 | 2,356.60 |
| | | 100.00 | 3,333.02 | 100.00 | 3,689.65 |

42. Details on derivative instruments and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2018: NIL

II. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| | Currency | Amount in Foreign Currency | Amount (₹ in lakhs) |
|---|----------|----------------------------|---------------------|
| Amount receivable in foreign currency - Exports | USD | - | - |
| | USD | - | - |
| | USD | 203,819 | 132.82 |
| | USD | (137,137) | (88.92) |
| Amount payable in foreign currency - Imports | GBP | - | - |
| | GBP | (12,508) | (10.12) |
| | EURO | 1,493 | 1.19 |
| | EURO | - | - |

Figures in brackets are in respect of previous year

43. The Company received ₹ 922.46 Lakh during the current financial year from the Insurers as final settlement against claims made towards material damage and business interruption owing to unprecedented rainfall and consequent floods during December 2015 and January 2016. The same have been disclosed as Exceptional Item.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

44. The Chief Operating Decision Maker (CODM) has considered manufacturing of industrial intermediate chemicals as the single operating segment of operation.
45. Net sales to customers by geographic area for the year ended.

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|------------------|------------------------------|------------------------------|
| (a) India | 107,766.35 | 98,068.75 |
| (b) Bangladesh | 392.28 | 2,097.67 |
| (c) South Africa | - | 570.15 |

46. The company does not own any non current assets outside India as specified under Para 33(b) of Ind AS 108.

47. Financial instruments

(i) Capital management

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

The Company's objective when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the weighted average cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

(ii) Loan covenants

No covenants are applicable as of March 2018 since there were no term loans outstanding.

Categories of financial instruments

| Particulars | Particulars | | |
|---|-------------|------------|------------|
| | 31/03/2018 | 31/03/2017 | 01/04/2016 |
| A. Financial assets | | | |
| Measured at Fair value through profit or loss (FVTPL): | | | |
| Security Deposits | 120.01 | 133.34 | 146.67 |
| Investments in equity instruments under Group Captive Scheme | 318.92 | 40.88 | 43.45 |
| (3078604 Equity Shares of ₹ 10 each fully paid up) | | | |
| Measured at Amortised cost | | | |
| - Cash and bank balances | 5,854.46 | 1,341.12 | 1,166.43 |
| - Other financial assets | 7,340.75 | 7,157.29 | 3,635.71 |
| Measured at Cost | | | |
| Investments in Equity instruments in subsidiaries | 9,645.13 | 9,645.13 | 9,645.13 |
| | 23,279.27 | 18,317.76 | 14,637.39 |
| B. Financial liabilities | | | |
| Measured at amortised cost (including trade payable balances) | 22,670.18 | 20,620.87 | 18,297.57 |

(iii) Financial risk management objectives

The Company's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Risk | Exposure arising from | Measurement | Management |
|--|---|---|---|
| a. Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Ageing analysis Credit ratings Financial analysis | Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment |
| b. Market risk | | | |
| i. Market risk - foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting Sensitivity analysis | Foreign exchange forward contracts |
| ii. Market risk - Interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Market trends, Interest rate swaps |
| c. Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of sanctioned credit lines and borrowing facilities |

The Company's risk management is governed by policies monitored by Risk Management Committee, a sub-committee of the Board and as well approved by the Board of Directors. Company's treasury identifies, evaluates and hedges financial risks in close co-ordination with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity in short term Fixed Deposits / Mutual debt funds.

a. Credit Risk

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

a(i) Trade receivables

Customer credit risk is managed by each business unit under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release.

The impairment is based on expected credit loss model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 8. The Company does not hold any collateral as security.

a(ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made for short-term and liquid funds of rated mutual funds and deposits with banks. The Investment limits are set out per Mutual fund and the value of total fixed deposit in Banks to minimise the concentration risk. Investments are reviewed by the Board of Directors on a quarterly basis.

The Company has no exposure to credit risk relating to these cash deposits as at: 31st March 2018, 31st March 2017 and 1st April 2016

b Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Market risk exposures are measured using sensitivity analysis. There has been no change in the measurement and management of the Company's exposure to market risks.

b(i) Foreign currency risk management

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. Foreign exchange rate exposures are managed within policy parameters approved by Board of Directors. The Company manages its foreign currency risk by hedging transactions that are

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

expected to occur within a maximum of 12 month period of forecasted receipts and payments. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company hedges around 50% of the net material exposure by currency. Exposures relating to capital expenditure beyond a threshold are hedged as per Company policy at the time of commitment.

b(ii) Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107. The Company at the end of March 2017, does not carry any loans with variable interest.

48 Related Party Disclosure

i) The list of related parties as identified by the management for disclosure as under

| | |
|----------------------------------|---|
| A) Joint Venturers | 1. Southern Petrochemical Industries Corporation Limited (SPIC) |
| | 2. Tamilnadu Industrial Development Corporation Limited (TIDCO) |
| B) Subsidiaries | 1. Certus Investment and Trading Limited (CITL), Mauritius |
| | 2. Certus Investment and Trading (S) Private Limited, Singapore |
| | 3. Proteus Petrochemicals Private Limited, Singapore |
| C) Associates of Joint Venturer | 1. Manali Petrochemicals limited (MPL) |
| | 2. Tuticorin Alkali Chemicals and Fertilizers Ltd., (TAC) |
| | 3. AMCHEM Speciality chemical Pvt. Ltd. |
| D) Post Employment Benefit plans | 1. TPL Employees Provident Fund Trust |
| | 2. HCD Employees Provident Fund Trust |
| E) Key Management Personnel | 1. Mr. KT Vijayagopal, Whole Time Director (Finance) & CFO |
| | 2. Mr. D Senthikumar, Whole Time Director (Operations) |

The Company has identified all related parties and details of transactions are given below

48 ii. The following transactions were carried out with the Related Parties.

| Particulars | Joint Venturers | Associates of Joint Venturer | Post Employment Benefit plan | Subsidiaries | Key Managerial Personnel (KMP) |
|---------------------------------|------------------|------------------------------|------------------------------|--------------|--------------------------------|
| Sale of Goods | | | | | |
| a) SPIC | 90.16 (39.50) | | | | |
| b) MPL | | 823.33 (1,190.02) | | | |
| Sale of services | | | | | |
| a) MPL | | 33.24 (20.52) | | | |
| Purchase of goods | | | | | |
| a) MPL | | 84.22 (3,329.06) | | | |
| b) TAC | | 20.57 (44.18) | | | |
| Services Availed | | | | | |
| a) MPL - i) Effluent Line Usage | | 13.33 (13.33) | | | |
| ii) Management services | | 251.17 (8.61) | | | |
| b) AMCHEM Speciality Chemicals | | 47.35 - | | | |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Joint Venturers | Associates of Joint Venturer | Post Employment Benefit plan | Subsidiaries | Key Managerial Personnel (KMP) |
|---|--------------------|------------------------------------|---------------------------------|----------------|--------------------------------------|
| Reimbursement of expenses | | | | | |
| a) SPIC | 0.49 (0.60) | | | | |
| b) MPL | | 2.66 (27.51) | | | |
| c) TAC | | 10.93 (7.11) | | | |
| The remuneration to Key Personnel for the years is given below | | | | | |
| Short term benefits | | | | | 99.76 (93.53) |
| Other benefits | | | | | 6.24 (5.99) |
| Contributions to PF Trust | | | | | |
| - TPL Employees PF Trust | | | 222.41 (229.24) | | |
| - HCD Employees PF Trust | | | 68.12 (79.25) | | |
| Balance outstanding as of 31st March 2018 | | | | | |
| Trade Receivables | | | | | |
| a) SPIC | 10.15 (7.49) | | | | |
| b) MPL | | 161.67 (61.76) | | | |
| Deposit with MPL | | 188.78 (202.11) | | | |
| Other Receivables | | | | | |
| a) SPIC | 0.25 (4.39) | | | | |
| b) MPL | | 49.82 (20.52) | | | |
| Other payables | | | | | |
| a) SPIC | - (3.65) | | | | |
| b) MPL | | 322.08 - | | | |
| c) CITL | | | | 9.61 (9.61) | |
| d) PF Trust | | | | | |
| - TPL PF Trust | | | 18.82 (17.59) | | |
| - HCD PF Trust | | | 5.56 (5.23) | | |

Transactions with related parties in the nature of sale of goods, rendering of service, purchase of goods, procurement of service are at arm's length price.

Figures in brackets relate to previous year.

49. First Time Adoption of Ind AS.

These financial statements, for the year ended 31st March 2018, are the first financial statements the Company prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with relevant Rules made there under ('Previous GAAP').

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April 2016, the Company's date of transition to Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out below:

(i) Transition election

(a) Optional exemptions

The Company in applying Ind AS principle for measurement of recognised assets and liabilities is subject to certain optional exemptions, apart from mandatory exceptions, availed by the Company as detailed below.

| Optional exemptions | Notes |
|--|-------|
| Deemed Cost for property, plant and equipment, investment property, and intangible assets | I |
| Investments in subsidiaries in separate financial statements | II |
| Business combinations | III |
| Fair value measurement of financial assets or financial liabilities at initial recognition | IV |

I. Deemed Cost for property, plant and equipment, investment property, and intangible assets:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant & equipment at their previous GAAP carrying value as on the transition date.

II. Investments in subsidiaries in separate financial statements

According to Ind AS 27, when an entity prepares separate financial statements, it is required to account for its investments in subsidiaries either:

- (a) at cost; or (b) in accordance with Ind AS 109.

Under the transitional provision set out in Ind AS 101, the first-time adopter can measure such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following methods in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
(b) deemed cost.

The deemed cost of such an investment shall be its:

- (i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
(ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary that it elects to measure using a deemed cost.

The Company has adopted Cost model as prescribed under para D15 in Ind AS 101 - First Time Adoption of Indian Accounting Standards.

III. Business combinations

In accordance with Ind AS transitional provisions, the Company has elected to apply Ind AS relating to business combinations prospectively from April 01, 2016. As such, previous GAAP balances relating to business combinations entered into before that date, have been carried forward without adjustment.

IV. Fair value measurement of financial assets or financial liabilities at initial recognition

In accordance with Ind AS transitional provisions, the Company opted to apply the provisions of day one gain or loss provisions retrospectively on transactions occurring on or after the date of transition to Ind AS.

b. Mandatory exceptions

The Mandatory exceptions applicable to the Company are given below:

| Mandatory Exceptions | Note |
|--|------|
| Estimates | I |
| Derecognition of assets and liabilities | II |
| Classification and measurement of financial assets and liabilities | III |
| Impairment of Financial assets | IV |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

I Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- (i) Impairment of financial assets based on expected credit loss model

II. Derecognition of Financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

III. Classification and measurement of Financial assets

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

IV. Impairment of Financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

(ii) Reconciliation of Other equity as previously reported under previous GAAP to Ind AS

| | As at 31.03.2017 | As at 01.04.2016 |
|---|---------------------|---------------------|
| Reserves and surplus as reported under Previous GAAP | 19,871.06 | 18,916.34 |
| a) Ind AS adjustments that lead to increase in equity | | |
| - Adjustment of cost of investment in Subsidiary as per para D 15 of Ind AS 101 | 1,978.11 | 1,978.11 |
| - Fair valuation of investment in equity | 6.93 | 6.93 |
| Other equity as reported under Ind AS | 21,856.10 | 20,901.38 |

(iii) Reconciliation of Profits as previously reported under previous GAAP to Ind AS

| | For the year 2016-17 |
|--|----------------------|
| Profit as reported under previous GAAP | 954.72 |
| Actuarial gain/losses on remeasurement of the Defined benefit obligation | (24.87) |
| Profit as per Ind AS | 929.85 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(iv) Reconciliation of Balance sheet as previously reported under previous GAAP to Ind AS :

| Particulars | Foot Note | As at 31/03/2017 | | | | As at 01/04/2016 | | | |
|---|-----------|------------------|--------------------------------|-------------|------------------|------------------|--------------------------------|-------------|------------------|
| | | Previous GAAP | Effect of transition to Ind AS | | As per Ind AS | Previous GAAP | Effect of transition to Ind AS | | As per Ind AS |
| | | | Reclassification | Adjustments | | | Reclassification | Adjustments | |
| ASSETS | | | | | | | | | |
| Non-current assets | | | | | | | | | |
| (a) Property, plant and equipment | | 21,583.51 | | | 21,583.51 | 21,788.29 | | | 21,788.29 |
| (b) Capital work-in-progress | | 1,527.37 | | | 1,527.37 | 1,545.91 | | | 1,545.91 |
| (c) Financial assets | | | | | | | | | |
| (i) Investments | | | | | | | | | |
| (a) Investments in Subsidiaries | 2 | 7,667.02 | | 1,978.11 | 9,645.13 | 7,667.02 | | 1,978.11 | 9,645.13 |
| (b) Other Investments | 3 | 33.95 | | 6.93 | 40.88 | 36.52 | | 6.93 | 43.45 |
| (ii) Other financial assets | | - | 133.34 | | 133.34 | - | 146.67 | | 146.67 |
| (h) Other non-current assets | | 2,844.68 | (1,368.42) | | 1,476.26 | 2,432.50 | (1,290.72) | | 1,141.78 |
| Total non-current assets | | 33,656.53 | | | 34,406.49 | 33,470.24 | | | 34,311.23 |
| Current assets | | | | | | | | | |
| (a) Inventories | | 7,067.13 | | | 7,067.13 | 6,165.75 | | | 6,165.75 |
| (b) Financial assets | | | | | | | | | |
| (i) Trade receivables | | 6,820.56 | | | 6,820.56 | 3,137.34 | | | 3,137.34 |
| (ii) Cash and Cash equivalents | | 1,282.10 | 59.02 | | 1,341.12 | 1,107.41 | 59.02 | | 1,166.43 |
| (iii) Bank balances other than (ii) above | | - | | | - | - | | | - |
| (iv) Other Financial assets | | 1,372.93 | (1,036.20) | | 336.73 | 2,189.55 | (1,691.18) | | 498.37 |
| (c) Other Current assets | | 66.15 | 1,859.54 | | 1,925.69 | 140.77 | 2,776.21 | | 2,916.98 |
| Total current assets | | 16,608.87 | | | 17,491.23 | 12,740.82 | | | 13,884.87 |
| Total assets | | 50,265.40 | | | 51,897.72 | 46,211.06 | | | 48,196.10 |
| EQUITY AND LIABILITIES | | | | | | | | | |
| Equity | | | | | | | | | |
| (a) Equity share capital | | 8,997.15 | | | 8,997.15 | 8,997.15 | | | 8,997.15 |
| (b) Other equity | | 19,871.06 | | 1,985.04 | 21,856.10 | 18,916.34 | | 1,985.04 | 20,901.38 |
| Total equity | | 28,868.21 | | | 30,853.25 | 27,913.49 | | | 29,898.53 |
| Non-current liabilities | | | | | | | | | |
| (a) Financial liabilities | | | | | | | | | |
| Borrowings | | 216.16 | | | 216.16 | 526.51 | | | 526.51 |
| Other financial liabilities | | 26.14 | | | 26.14 | 26.14 | | | 26.14 |
| (b) Provisions | | 369.46 | 5,180.06 | | 5,549.52 | 272.02 | 132.99 | | 405.01 |
| (c) Deferred tax liabilities (net) | | 776.31 | (352.72) | | 423.59 | - | | | - |
| (d) Other non-current liabilities | | - | | | - | - | | | - |
| Total non-current liabilities | | 1,388.07 | | | 6,215.41 | 824.67 | | | 957.66 |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Foot Note | As at 31/03/2017 | | | | As at 01/04/2016 | | | |
|-------------------------------------|-----------|------------------|--------------------------------|-------------|------------------|------------------|--------------------------------|-------------|------------------|
| | | Previous GAAP | Effect of transition to Ind AS | | As per Ind AS | Previous GAAP | Effect of transition to Ind AS | | As per Ind AS |
| | | | Reclassification | Adjustments | | | Reclassification | Adjustments | |
| Current liabilities | | | | | | | | | |
| (a) Financial liabilities | | | | | | | | | |
| (i) Borrowings | | 3,931.20 | | | 3,931.20 | 5,692.71 | | | 5,692.71 |
| (ii) Trade payables | | 10,128.38 | (205.01) | | 9,923.37 | 7,495.88 | (145.15) | | 7,350.73 |
| (iii) Other financial liabilities | | 878.25 | (499.50) | | 378.75 | 4,241.92 | (3,713.12) | | 528.80 |
| (b) Provisions | | 5,071.29 | (5,014.07) | | 57.22 | 42.39 | | | 42.39 |
| (c) Other current liabilities | | - | 538.52 | | 538.52 | - | 3,725.28 | | 3,725.28 |
| Total current liabilities | | 20,009.12 | | | 14,829.06 | 17,472.90 | | | 17,339.91 |
| Total liabilities | | 21,397.19 | | | 21,044.47 | 18,297.57 | | | 18,297.57 |
| Total equity and liabilities | | 50,265.40 | | | 51,897.72 | 46,211.06 | | | 48,196.10 |

(v) Reconciliation of Statement of Profit and Loss account as previously reported under previous GAAP to Ind AS

| Particulars | Note | For the year 2016-17 | | |
|---|------|----------------------|--------------------------------|-------------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS |
| INCOME | | | | |
| Revenue from operations | | 101,053.90 | - | 101,053.90 |
| Other income | | 289.24 | - | 289.24 |
| Total Revenue | | 101,343.14 | | 101,343.14 |
| EXPENSES | | | | |
| Cost of Materials consumed | | 50,412.99 | - | 50,412.99 |
| Purchase of Stock-in-trade | | 1,257.58 | - | 1,257.58 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | | (170.75) | - | (170.75) |
| Excise duty | | 12,168.74 | - | 12,168.74 |
| Employee benefits expense | 1 | 2,808.10 | (24.87) | 2,832.97 |
| Finance costs | | 3,435.37 | - | 3,435.37 |
| Depreciation / Amortization Costs | | 1,576.14 | - | 1,576.14 |
| Other expenses | | 28,159.46 | - | 28,159.46 |
| Total expenses | | 99,647.63 | | 99,672.50 |
| Profit before exceptional item and taxes | | 1,695.51 | | 1,670.64 |
| Exceptional items | | 2,500.00 | - | 2,500.00 |
| Profit before tax | | 4,195.51 | | 4,170.64 |
| Tax expense: | | | | |
| Current tax | | 352.72 | - | 352.72 |
| Less : Mat credit entitlement | | (352.72) | - | (352.72) |
| Deferred tax | | 776.31 | - | 776.31 |
| Provision for tax relating to prior years | | 2,464.48 | - | 2,464.48 |
| Net current tax expense | | 3,240.79 | | 3,240.79 |
| Profit for the year | | 954.72 | | 929.85 |
| Other Comprehensive income | | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | | |

Notes forming part of the Standalone Financial Statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Note | For the year 2016-17 | | |
|---|------|----------------------|--------------------------------|---------------|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS |
| Re-measurement of Defined Benefit Liabilities | 1 | - | (24.87) | 24.87 |
| Income Tax on items that will not be reclassified to profit or loss | | - | | - |
| Total Comprehensive income | | 954.72 | | 954.72 |

49 (vi) Reconciliation to cash flow for the year ended 31st March, 2017

| | For the year 2016-17 | | |
|---------------------------|----------------------|------------------|----------|
| | Previous GAAP | Reclassification | Ind AS |
| Cash and Cash Equivalents | 1,282.10 | 59.02 | 1,341.12 |

Deposit of ₹ 59.02 lakhs reclassified from other deposits to cash and cash equivalents on transition.

Foot Notes:

- Under Ind AS remeasurement in defined benefit plans are recognised in other comprehensive income. Under previous GAAP such remeasurements (actuarial gains and losses) were recognised in the statement of profit and loss.
- Reversal of Provision for diminution in value of investment in subsidiary, on adoption of cost model under para D15 of Appendix D to Ind AS 101- First Time Adoption of Ind AS.
- Measurement of Equity Investment under Group Captive Scheme at fair value through profit or loss under Ind AS 109- Financial Instruments.

50. The Company has leased land and warehouse under operating lease agreements that are renewable on a periodic basis.

Rental expense under this lease is ₹ 84.98 lakhs for the year ended 31st March 2018 and ₹ 78.61 lakhs for the year ended 31st March 2017.

Future Minimum Rentals Payable under non-cancellable operating leases are as follows:

| Lease Rentals: | As at 31 st March, 2018 | As at 31 st March, 2017 |
|--|---------------------------------------|---------------------------------------|
| Within one year | 88.60 | 74.85 |
| After one year, but not more than five years | 28.32 | 42.48 |
| Later than five years | - | - |

51. Events after the reporting period

The Board of Directors have recommended a dividend of ₹ 0.50 per share (5%) on 8,99,71,474 equity shares of ₹ 10/- each for Financial Year 2017-18 subject to approval of Members at the Annual General Meeting.

52. Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors in their meeting held on 14th May, 2018.

| In terms of our report attached | | For and on behalf of the Board of Directors | |
|-----------------------------------|-------------------------------------|---|--|
| For R.G.N. Price & Co | KT Vijayagopal | D Senthikumar | |
| Chartered Accountants | Whole Time Director (Finance) & CFO | Whole Time Director (Operations) | |
| Firm Regn No.002785S | DIN:02341353 | DIN:00202578 | |
| Mahesh Krishnan | | K Priya | |
| Partner | | Company Secretary | |
| M.No. 206520 | | | |
| Place : Chennai | | | |
| Date : 14 th May, 2018 | | | |

CONSOLIDATED FINANCIAL STATEMENTS 2017-18

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of **Tamilnadu Petroproducts Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March 2018, 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 a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS Financial Statements, 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) prescribed under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

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 the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that, the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the Consolidated state of affairs of the Group, as at 31st March 2018 and its Consolidated Profit and comprehensive income, the Consolidated Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date.

Other Matters

The comparative financial information of the Group for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these Consolidated Ind AS financial statements are based on the previously issued Consolidated Financial Statements prepared in accordance with, the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 16th May 2017 and 30th May 2016 respectively, expressed unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS, which have been audited by us.

We did not audit the Consolidated Financial Statements of three Subsidiaries whose Financial Statements reflect total assets of ₹10,416.79 lakhs as at 31st March 2018 (PY: ₹ 11,393 lakhs), total revenue of ₹ 201.60 lakhs for the year ended on that date (PY: ₹ 464 lakhs), total net profit after tax of ₹ 160.87 lakhs (PY ₹ 174.20 lakhs) and Other Comprehensive Income of NIL (PY- NIL) for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The financial statements of the subsidiaries have been audited by other auditors

whose report have been furnished to us by the Management of the Holding Company and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) & (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion 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 report of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on the Standalone Financial Statements and other financial information of the Subsidiaries, incorporated outside India referred in the Other Matters Paragraph above, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books, returns and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts 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 Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder.

- e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the companies incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Parent Company and the operating effectiveness of such controls, refer our report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Ind AS Financial Statements discloses the impact of pending litigations on the Consolidated Financial position of the Group. Refer Note 35A & Note 35B to the Consolidated Ind AS Financial Statements.
 - ii. The group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company. This clause is not applicable in respect of its Subsidiaries.

For R.G.N. Price & Co
Chartered Accountants
(Firm Regn No.002785S)

Mahesh Krishnan
Partner
(Membership No. 206520)

Chennai, 14th May, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in Clause (f) of Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date on the Consolidated Ind AS Financial Statements of the Holding Company, for the year ended 31st March 2018)

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group, as of and for the year ended 31st March 2018, we have audited the Internal Financial Controls over Financial Reporting of **Tamilnadu Petroproducts Limited** (hereinafter referred to as “the Parent Company”), as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Parent Company, which is incorporated in India, is responsible for establishing and maintaining Internal Financial Controls based on the Guidance Note on Audit of Internal Financial Control 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Parent Company’s Internal Financial Controls over Financial Reporting. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness.

Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, 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 judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Parent Company’s Internal Financial Controls system over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s Internal Financial Controls over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s Internal Financial Controls over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Parent Company has, in all material respects, adequate Internal Financial Controls over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2018, based on the Internal Controls over Financial Reporting criteria stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R.G.N. Price & Co
Chartered Accountants
(Firm Regn No.002785S)

Mahesh Krishnan
Partner

Chennai, 14th May, 2018

(Membership No. 206520)



TPL

Consolidated Balance Sheet as at 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| ASSETS | Notes | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|-------|---------------------------------------|---------------------------------------|---------------------------------------|
| Non-Current Assets | | | | |
| a) Property, Plant and Equipment | 3 | 19,256.19 | 21,583.51 | 21788.29 |
| b) Capital work-in-progress | | 3717.34 | 1,527.37 | 1545.91 |
| c) Financial assets | | | | |
| i) Investments : | | | | |
| (a) Other Investment | 4 | 318.92 | 40.88 | 43.45 |
| ii) Other financial assets | 5 | 120.01 | 133.34 | 146.67 |
| d) Other non-current assets | 6 | 417.89 | 1,476.26 | 1,141.78 |
| Total Non-Current Assets | | 23,830.35 | 24,761.36 | 24,666.10 |
| Current assets | | | | |
| a) Inventories | 7 | 10,589.34 | 7,067.13 | 6,165.75 |
| b) Financial assets | | | | |
| i) Trade Receivables | 8 | 6,657.63 | 6,820.56 | 3,137.34 |
| ii) Cash and Cash equivalents | 9A | 10,479.45 | 10,289.06 | 10,529.87 |
| iii) Bank balances other than ii) above | 9B | 5,776.18 | 1,219.02 | 1,035.90 |
| iv) Other financial assets | 10 | 683.12 | 336.73 | 498.37 |
| c) Other Current assets | 11 | 2,252.60 | 1,937.56 | 2,919.47 |
| d) Assets classified as held for sale | 12 | 21.28 | - | - |
| Total Current Assets | | 36,459.60 | 27,670.06 | 24,286.70 |
| TOTAL ASSETS | | 60,289.95 | 52,431.42 | 48,952.80 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity share capital | 13 | 8,997.15 | 8,997.15 | 8,997.15 |
| b) Other Equity | 14 | 27,185.44 | 22,374.08 | 21,245.33 |
| Total Equity | | 36,182.59 | 31,371.23 | 30,242.48 |
| Liabilities | | | | |
| Non-Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 15 | - | 216.16 | 526.51 |
| ii) Other financial liabilities | 16 | 21.82 | 26.14 | 26.14 |
| b) Provisions | 17 | 7,147.98 | 5,549.52 | 405.01 |
| c) Deferred tax liabilities (net) | 18 | 1,427.02 | 423.59 | - |
| Total non-current liabilities | | 8,596.82 | 6,215.41 | 957.66 |
| Current liabilities | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 19 | 3,599.46 | 3,931.20 | 5,692.71 |
| ii) Trade payables | 20 | 9,970.99 | 9,938.92 | 7,763.48 |
| iii) Other current financial liabilities | 21 | 586.68 | 378.75 | 528.80 |
| b) Provisions | 22 | 781.75 | 57.39 | 42.39 |
| c) Other current liabilities | 23 | 571.66 | 538.52 | 3,725.28 |
| Total Current liabilities | | 15,510.54 | 14,844.78 | 17,752.66 |
| Total liabilities | | 24,107.36 | 21,060.19 | 18,710.32 |
| TOTAL EQUITY AND LIABILITIES | | 60,289.95 | 52,431.42 | 48,952.80 |
| Significant Accounting Policies | 2 | | | |

The accompanying notes form an integral part of financial statements

In terms of our report attached

For R.G.N. Price & Co

Chartered Accountants

Firm Regn No.002785S

KT Vijayagopal

Whole Time Director (Finance) & CFO

DIN:02341353

For and on behalf of the Board of Directors

D Senthikumar

Whole Time Director (Operations)

DIN:00202578

Mahesh Krishnan

Partner

M.No. 206520

Place : Chennai

Date : 14th May, 2018

K Priya

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Notes | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|-------|--|--|
| INCOME | | | |
| Revenue from operations (gross) | 24 | 108,509.25 | 101,053.90 |
| Other income | 25 | 931.85 | 731.21 |
| Total Revenue | | 109,441.10 | 101,785.11 |
| EXPENSES | | | |
| Cost of Materials consumed | 26 | 58,639.13 | 50,412.99 |
| Purchase of Stock-in-trade | 27 | 1,269.65 | 1,257.58 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 28 | (3,460.64) | (170.75) |
| Excise duty | | 3,618.87 | 12,168.74 |
| Employee benefits expense | 29 | 3,204.25 | 2,832.97 |
| Finance costs | 30 | 1,021.34 | 3,435.37 |
| Depreciation / Amortization Costs | 31 | 2,222.10 | 1,576.14 |
| Other expenses | 32 | 36,488.19 | 28,186.17 |
| Total expenses | | 103,002.89 | 99,699.21 |
| Profit before exceptional item and taxes | | 6,438.21 | 2,085.90 |
| Exceptional items | 33 | 922.46 | 2,500.00 |
| Profit before tax | | 7,360.67 | 4,585.90 |
| Tax expense: | | | |
| Current tax | | 1,525.33 | 353.69 |
| Less : Mat credit entitlement | | (1,104.56) | (352.72) |
| Deferred tax | 18 | 2,107.99 | 776.31 |
| Provision for tax relating to prior years | | - | 2,464.48 |
| Net current tax expense | | 2,528.76 | 3,241.76 |
| Profit for the year | | 4,831.91 | 1,344.14 |
| Other Comprehensive income | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | |
| Remeasurement of Defined Benefit Liabilities | | (88.78) | 24.87 |
| Income Tax on items that will not be reclassified to profit or loss | | - | - |
| (ii) Items that will be reclassified to Profit or Loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | 68.23 | (240.26) |
| Income Tax on items that will be reclassified to profit or loss | | - | - |
| Total Comprehensive income | | 4,811.36 | 1,128.75 |
| Earnings per equity share of ₹ 10/- each | | | |
| Basic and Diluted (in ₹) | | 5.37 | 1.49 |
| Significant Accounting Policies (in ₹) | 2 | | |
| The accompanying notes form an integral part of financial statements | | | |

In terms of our report attached

For R.G.N. Price & Co
Chartered Accountants
Firm Regn No.002785S

Mahesh Krishnan
Partner
M.No. 206520
Place : Chennai
Date : 14th May, 2018

For and on behalf of the Board of Directors

KT Vijayagopal
Whole Time Director (Finance) & CFO
DIN:02341353

D Senthikumar
Whole Time Director (Operations)
DIN:00202578

K Priya
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2018

All amounts are in ₹ lakhs unless otherwise stated

A. Equity Share Capital (Refer Note No. 13)

| Particulars | Amount |
|--|-----------------|
| Balance as at 01st April, 2016 | 8,997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at 31st March, 2017 | 8,997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at 31st March, 2018 | <u>8,997.15</u> |

B. Other Equity (Refer Note No. 14)

| | Reserves and Surplus | | | | | Other Comprehensive Income | | Total |
|--|----------------------|--------------------|-----------------|-----------------|---------------------------------------|--|---|------------------|
| | General Reserve | Securities Premium | Capital Reserve | Other Reserve* | Surplus in Statement of Profit & Loss | Remeasurement of Defined Benefit Liabilities | Exchange Gain/(Loss) arising on translation of foreign Operations | |
| Balance as at 01st April, 2016 | 13,859.94 | 4,611.57 | 42.23 | 1,986.18 | 745.41 | - | - | 21,245.33 |
| Profit for the year | - | - | - | - | 1,344.14 | - | - | 1,344.14 |
| Remeasurement of Defined Benefit Liabilities (Net of Taxes) | - | - | - | - | - | 24.87 | - | 24.87 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | (240.26) | (240.26) |
| Balance as at 31 st March, 2017 | 13,859.94 | 4,611.57 | 42.23 | 1,986.18 | 2,089.55 | 24.87 | (240.26) | 22,374.08 |
| Profit for the year | - | - | - | - | 4,831.91 | - | - | 4,831.91 |
| Remeasurement of Defined Benefit Liabilities (Net of Taxes) | - | - | - | - | - | (88.78) | - | (88.78) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | 68.23 | 68.23 |
| Balance as at 31st March, 2018 | 13,859.94 | 4,611.57 | 42.23 | 1,986.18 | 6,921.46 | (63.91) | (172.03) | 27,185.44 |

* Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to Ind AS as on April 01, 2016.

This is the Statement of Changes in Equity referred to in our report on even date

| | | |
|-----------------------------------|--|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For R.G.N. Price & Co | KT Vijayagopal | D. Senthikumar |
| Chartered Accountants | Whole Time Director (Finance) & CFO | Whole Time Director (Operations) |
| Firm Regn No.002785S | DIN:02341353 | DIN:00202578 |
| Mahesh Krishnan | | K. Priya |
| Partner | | Company Secretary |
| M.No. 206520 | | |
| Place : Chennai | | |
| Date : 14 th May, 2018 | | |

Consolidated Cash Flows Statement for the year ended 31st March, 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| A Cash flow from operating activities: | | |
| Profit before tax | 7,360.67 | 4,585.90 |
| Adjustments for | | |
| Depreciation / Amortization Costs | 2,222.10 | 1,576.14 |
| Loss on fixed assets sold/scrapped | 367.27 | 386.97 |
| Finance costs | 1,021.34 | 3,435.37 |
| Interest income | (423.33) | (194.84) |
| Provision for doubtful receivables | 16.36 | 11.65 |
| Provision no longer required written back | - | (60.18) |
| Sundry balances written back | - | (471.23) |
| Employee benefit obligation | (88.78) | 24.87 |
| Exchange differences in translating the financial statements of foreign operations | 68.23 | (240.26) |
| | 3,183.19 | 4,468.49 |
| Operating profit before working capital changes | 10,543.86 | 9,054.39 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | (3,522.21) | (901.38) |
| Trade receivables | 146.57 | (3,694.87) |
| Other financial assets | (297.56) | 146.10 |
| Other assets | 1,309.38 | 874.34 |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 32.05 | (2,543.70) |
| Provision and other current liabilities | 2,357.41 | 1,911.12 |
| Other financial liabilities | 217.71 | (149.96) |
| | 243.37 | (4,358.35) |
| Cash generated from operations | 10,787.23 | 4,696.04 |
| Net income tax (paid) | (2,205.94) | (75.47) |
| Net cash flow from / (used in) operating activities (A) | 8,581.29 | 4,620.57 |
| B Cash flow from investing activities: | | |
| Payments to acquire property, plant and equipment, including capital advances | (2,360.19) | (1,967.92) |
| Investments in Equity shares | (278.04) | - |
| Investments in Fixed deposits with Bank | (3,754.37) | - |
| Interest received - others | 387.83 | 223.71 |
| Bank balances not considered as cash and cash equivalents | (802.79) | (183.12) |
| | (6,807.55) | (1,927.33) |
| Net cash flow from / (used in) investing activities (B) | (6,807.55) | (1,927.33) |

Consolidated Cash Flows Statement for the year ended 31st March, 2018 (continued)

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| C Cash flow from financing activities: | | |
| Repayment of short-term borrowings | | |
| Repayment of long-term borrowings | (216.16) | (310.35) |
| Net increase / (decrease) in working capital borrowings | (331.74) | (1,761.52) |
| Finance costs | (1,021.34) | (862.09) |
| Dividends paid | (14.10) | (0.09) |
| | <u>(1,583.34)</u> | <u>(2,934.05)</u> |
| Net cash from / (used in) financing activities (C) | <u>(1,583.34)</u> | <u>(2,934.05)</u> |
| Net cash flows during the year (A+B+C) | <u>190.39</u> | <u>(240.81)</u> |
| Cash and cash equivalents at the beginning of the year | 10,289.06 | 10,529.87 |
| Cash and cash equivalents at the end of the year | 10,479.45 | 10,289.06 |
| Net increase / (decrease) in cash and cash equivalents | <u>190.39</u> | <u>(240.81)</u> |

The above Cash Flow Statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (IND AS 7) - Statement of Cash Flow

The accompanying notes form an integral part of financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For R.G.N. Price & Co

Chartered Accountants

Firm Regn No.002785S

KT Vijayagopal

Whole Time Director (Finance) & CFO

DIN:02341353

D Senthikumar

Whole Time Director (Operations)

DIN:00202578

Mahesh Krishnan

Partner

M.No. 206520

Place : Chennai

Date : 14th May, 2018

K Priya

Company Secretary

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

1. General Information:

Tamilnadu Petroproducts Limited (TPL) is a Public Limited Company incorporated and domiciled in India, jointly promoted by Southern Petrochemicals Industries Corporation Limited (SPIC) and Tamilnadu Industrial Development Corporation Limited (TIDCO) and listed with National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd.(BSE). The registered office of the Group is situated at Chennai, Tamilnadu India.

The consolidated financial statements comprise the TPL and its subsidiaries (referred to collectively as the "Group").

The details of subsidiaries, jointly controlled entity and associate of the company are as given below

| Name of the company | Relationship | Country of incorporation | Proportion of ownership interest | Accounts drawn upto/whether audited |
|---|--------------|--------------------------|----------------------------------|-------------------------------------|
| Certus Investment and Trading Ltd | Subsidiary | Mauritius | 100 % | 31.03.2018 audited |
| Certus Investment and Trading(S) Pvt Ltd* | Subsidiary | Singapore | 100 % | 31.03.2018 audited |
| Proteus Petrochemical Pvt Ltd* | Subsidiary | Singapore | 100 % | 31.03.2018 audited |

*Shareholding is through Certus Investment & Trading Limited

TPL Group manufactures and sells mainly petrochemical products viz., Linear Alkyl Benzene (LAB) and Caustic Soda Lye.

2. Significant accounting policies:

2.1 Statement of compliance:

The financial statements in all its material aspects have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under sec.133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements for all accounting period up to the year ended 31st March 2017 were prepared and presented in accordance with the Accounting Standard notified under Section 133 of the Companies Act 2013 (Indian GAAP) read with the Companies (Accounting Standards) Rules,2006 and other relevant provisions of the Act/Rules.

These financial statements are the first financial statements of the Group under Indian Accounting Standards (Ind AS). The Group has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'.

An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group are provided in Note number 47 First Time Adoption

All amounts included in the financial statements are reported in Indian Rupees Lakhs and have been rounded off to nearest decimal of Lakhs.

2.2 Basis of preparation and presentation:

The consolidated financial statements are presented in Indian Rupees (INR), which is also the Parent Group functional currency. The financial statements of the Group have been prepared on historical cost convention and on accrual basis under the historical cost convention except for the following material items that have been measured at fair value as required by the relevant Accounting Standard:

- Certain financial assets and liabilities measured at fair value
- Defined benefit plan and long term employee benefits.

The accounting policies have been consistently applied over all the periods presented in the financial statements.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months' period from the balance sheet date.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated in a reasonable

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and prudent manner. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or a liability if market participants would have those characteristics into account when pricing the asset or a liability at the measurement date. Fair value or measurement and/or disclosure purposes in these separate financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

2.3 Use of Estimates:

In the application of the Group's accounting policies the Management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The areas involving critical estimates or judgments are:

- i. **Depreciation and amortization:** Depreciation and amortization is based on management estimates of the future useful life and residual value of certain class of property, plant and equipment and intangible assets. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.
- ii. **Employee Benefits:** The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations. Actuarial gains/losses relating to defined benefit obligation is recognized in Other Comprehensive income. The sensitivity analysis for changes in estimates is disclosed under relevant Notes.
- iii. **Provision and contingencies:** Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.
- iv. **Estimation of net realizable value of inventories:** Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories, the Group makes an estimate of future selling prices and cost necessary to make the sale.
- v. **Fair valuation:** Fair value is the market based measurement of observable market transaction or available market information.
- vi. **Taxes:** Significant judgments are required in determining the provision for taxes including the amount expected to be paid/recovered for uncertain tax positions

2.4 Basis of consolidation:

a) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date on which control ceases to exist.

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b) Foreign currency translation

The consolidated financial statements are presented in Indian Rupee, which is the TPL's functional and presentation currency and include the financial position and results in respect of foreign operations, initially measured using the currency of the primary economic environment in which the entity operates (i.e. their functional currency) and translated as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
 - income and expenses are translated at average exchange rates;
 - All resulting exchange differences are recognized in other comprehensive income;
- The principal accounting policies are set out below:

2.5 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities.

Ind AS 115 - Revenue from contracts with customers

The above Ind AS, notified by the Ministry of Corporate Affairs on 28th March 2018, will be effective from 1st April 2018. Revenue recognition under the new standard underlines the value of goods or services transferred to a customer that reflects the consideration commensurate with the value of goods and services so exchanged.

The Company will adopt the standard with effect from 1st April 2018 with cumulative effect of retrospective application recognised as transitional adjustments in retained earnings. However, in the opinion of the management, the effect on adoption of Ind AS 115, is not expected to be material.

2.5.1 Sale of goods

- Revenue from sale of goods are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers and as per the terms of contract. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.

2.5.2 Income from services

- Revenue from Service is recognized when the stage of completion can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Group and the cost incurred for the transaction and cost necessary to complete the transaction can be measured reliably. Stage of completion is measured by the services performed till the balance sheet date as a percentage of total services contracted.

2.5.3 Export Incentive

- Export benefits in the nature of focus market scheme are accrued in the year of exports based on the eligibility taking into consideration the prevailing regulations/policies and when there is no uncertainty in receiving the same. Adjustments, if any, to the amounts recognized in accordance with the accounting policy, based on final determination by the authorities, would be dealt with appropriately in the year of final determination and acceptance.

2.6 Other Income

Other income primarily comprises of interest income, dividend income, foreign exchange gain/loss on financial assets / financial liabilities and on translation of other assets and liabilities. Interest income is recognized in the Statement of Profit and Loss using effective interest method at the time of accrual. Dividend income is recognized in the Statement of Profit and Loss when the right to receive payment is established. Foreign currency gains or loss is reported on net basis.

2.7 Foreign currencies:

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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2.8 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

2.9 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

2.9.1 Defined contribution plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

With regard to PF contribution made by the Group to a Self-Administered Trust, Group is liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such contribution and shortfall, if any, as an expense in the year incurred.

2.9.2 Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.9.3 Short-term employee benefits:

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognized as an expense as per Group's schemes based on expected obligation on an undiscounted basis.

2.9.4 Other long-term employee benefits:

Other Long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.10 Earnings per share:

Basic earnings per share is computed by dividing the profit/ (loss) attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

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weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

2.11 Taxation

Income tax expense comprises current tax and deferred income tax.

- Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

- Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets include unused tax credits.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

- Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred income taxes are not recognized on undistributed earnings of subsidiaries where it is expected that earnings of subsidiaries will not be distributed in the foreseeable future. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

2.12 Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalization in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

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- i) Certain Plant and Machinery used in Linear Alkyl Benzene plant – 4.5 years
- ii) Furniture and Fixture provided to employees depreciated – 5 years

Each major part of property, plant and equipment with a cost that is significant in relation to its total cost of the item is depreciated separately.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated. Leasehold land and leasehold improvements are amortized over the period of lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

2.13 Intangible Assets:

Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Research costs are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible assets with finite useful life are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. An intangible asset with an indefinite useful life is not amortized.

The amortization period and the amortization method for intangible assets are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

2.14 Impairment of assets:

The Group assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Group estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognized. The recoverable amount is the higher of the fair value less its cost of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount factor.

Investments in subsidiaries and associates are reviewed for impairment if there is an indication that carrying amount may not be recoverable.

Impairment losses, if any, are recognized in the statement of profit and loss and included in the depreciation and amortization expense when there is indication that previously recognized impairment loss no longer exists or may have decreased due to change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such reversal of impairment loss is recognized in the statement of profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.15 Inventories:

Raw materials and other inventories are valued at lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

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The method of determination of cost of various categories of inventories is as follows:

- Raw material, Stores and spares and packing materials – Weighted average cost.
- Finished goods and Work-in-process – Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads.
- Stock-in-trade – Weighted average cost

Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.

Fixed overheads are allocated on the basis of normal production facilities.

Goods in transit are stated at actual cost incurred up to the reporting date.

2.16 Exceptional item:

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

2.17 Provisions, contingent liabilities and contingent assets:

Provisions are recognized only when there is a present obligation (legal and constructive) as a result of past events and when a reasonable estimate of the amount of obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognized. It is disclosed only when the inflow of economic benefits is probable.

2.18 Financial instruments:

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.19 Financial assets:

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.20 Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for Fair value through other comprehensive income (FVTOCI) debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed off, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.21 Effective interest method:

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.22 Investments in subsidiaries:

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

2.23 Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss are included in the 'Other income' line item.

2.24 Financial assets at fair value through profit or loss (FVTPL):

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

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Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.25 Impairment of financial assets:

The Group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.26 Derecognition of financial assets:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes

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its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.27 Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

2.28 Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
 - It is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration recognized by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
 - the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held for trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

3 Property, plant and equipment and capital work-in-progress

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Land | 1,687.33 | 1,708.61 | 1,708.61 |
| Buildings | 792.34 | 962.40 | 1,029.94 |
| Plant and Machinery | 16,673.94 | 18,837.27 | 18,952.15 |
| Furniture and Fixtures | 16.32 | 21.13 | 26.48 |
| Office Equipments | 74.41 | 40.13 | 60.56 |
| Vehicles | 11.85 | 13.97 | 10.55 |
| | 19,256.19 | 21,583.51 | 21,788.29 |

| Particulars | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|---|-----------------|-----------------|----------------------|----------------------------|---------------------|--------------|------------------|
| Balance at April 1, 2016 (Deemed cost) | 1,708.61 | 1,029.94 | 18,952.15 | 26.48 | 60.56 | 10.55 | 21,788.29 |
| Additions | - | - | 1,737.13 | 1.55 | 15.13 | 5.73 | 1,759.54 |
| Disposals | - | (0.92) | (391.15) | (3.98) | (20.12) | (0.35) | (416.52) |
| Balance at March 31, 2017 | 1,708.61 | 1,029.02 | 20,298.13 | 24.05 | 55.57 | 15.93 | 23,131.31 |
| Additions | - | - | 222.01 | - | 61.32 | - | 283.33 |
| Disposals | - | (16.58) | (445.38) | - | (0.98) | - | (462.94) |
| Reclassified as held for sale | (21.28) | - | - | - | - | - | (21.28) |
| Balance at March 31, 2018 | 1,687.33 | 1,012.44 | 20,074.76 | 24.05 | 115.91 | 15.93 | 22,930.42 |

| Accumulated Depreciation and Impairment | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|--|-----------------|---------------|----------------------|----------------------------|---------------------|--------------|------------------|
| Balance at April 1, 2016 | - | - | - | - | - | - | - |
| Depreciation expense | - | 66.73 | 1,484.60 | 3.21 | 19.64 | 1.96 | 1,576.14 |
| Eliminated on disposals | - | (0.11) | (23.74) | (0.29) | (4.20) | - | (28.34) |
| Balance at March 31, 2017 | - | 66.62 | 1,460.86 | 2.92 | 15.44 | 1.96 | 1,547.80 |
| Depreciation expense | - | 161.45 | 2,026.77 | 4.81 | 26.95 | 2.12 | 2,222.10 |
| Eliminated on disposals | - | (7.97) | (86.81) | - | (0.89) | - | (95.67) |
| Balance at March 31, 2018 | - | 220.10 | 3,400.82 | 7.73 | 41.50 | 4.08 | 3,674.23 |
| Carrying amount at March 31, 2018 | 1,687.33 | 792.34 | 16,673.94 | 16.32 | 74.41 | 11.85 | 19,256.19 |

Capital work in progress movement

| | Total |
|-------------------------------------|-----------------|
| Balance at April 1, 2016 | 1,545.91 |
| Additions during the year 2016-17 | 910.85 |
| Capitalised during the year 2016-17 | (929.39) |
| Balance at March 31, 2017 | 1,527.37 |
| Additions during the year 2017-18 | 2,232.35 |
| Capitalised during the year 2017-18 | (42.38) |
| Balance at March 31, 2018 | 3,717.34 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(a) Adoption of Transitional provisions

In accordance with Ind AS transitional provisions, the Company has opted to consider previous GAAP carrying value of property, plant and equipment as deemed cost as on the transition date i.e April 01, 2016. The following table provides the value of gross block and the carrying value considered in previous GAAP as on April 01, 2016.

| Particulars | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|--|----------|-----------|-------------------|----------------------|------------------|----------|------------|
| Gross block as on April 01, 2016 | 1,708.61 | 4,729.03 | 119,006.09 | 146.29 | 670.43 | 33.73 | 126,294.18 |
| Accumulated Depreciation as on April 01, 2016 | - | 3,699.09 | 100,053.94 | 119.81 | 609.87 | 23.18 | 104,505.89 |
| Net block treated as Deemed cost upon transition | 1,708.61 | 1,029.94 | 18,952.15 | 26.48 | 60.56 | 10.55 | 21,788.29 |

(b) Includes ₹ 119.01 lakhs being cost of building on leasehold land

(c) Assets pledged as security

Immovable properties of the company carry pari-passu second charge in favour of the multiple bankers, as security for working capital facility availed

(d) Contractual obligations

Contractual commitments for the acquisition of property, plant and equipment ₹ 833.42 lakh

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| 4 Investments | | | |
| Non-current investments: | | | |
| (A) Other Investments: | | | |
| (a) 1,00,000 Equity shares of ₹ 10 each fully paid up in SEPC Power (Private) Limited (formerly known as SPIC Electric Power Corporation Private Limited) | 16.93 | 16.93 | 16.93 |
| (b) Ushdev Engitech Limited | | | |
| 22,463 Equity Shares of ₹ 10 each fully paid up | 2.24 | 2.24 | 2.24 |
| (c) Watsun Infrabuild Pvt. Ltd. | | | |
| 26,79,941 Equity shares of ₹ 10 each fully paid up | 267.99 | - | - |
| (d) OPG Power Generation Private Limited | | | |
| 2,76,200 (31 st March 2017: 197400) Equity shares of ₹10 each fully paid up | 31.76 | 21.71 | 24.28 |
| | <u>318.92</u> | <u>40.88</u> | <u>43.45</u> |
| Aggregate amount of unquoted investments | 318.92 | 40.88 | 43.45 |

- a) In respect of investment in Standard Motor Products of India Limited of 40,00,000 Equity Shares of ₹ 10 each at a cost ₹ 400 Lakhs, both the cost and provision for diminution in value were reversed as at 01.4.2016 in view of the fact that the company was wound up.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| 5 Other financial assets | | | |
| Security deposits | 88.64 | 95.72 | 102.37 |
| Deferral deposit | 31.37 | 37.62 | 44.30 |
| | <u>120.01</u> | <u>133.34</u> | <u>146.67</u> |
| 6 Other Non-Current assets | | | |
| Capital advances | 113.80 | 226.91 | - |
| Security deposits | 304.09 | 1249.35 | 1,141.78 |
| | <u>417.89</u> | <u>1,476.26</u> | <u>1,141.78</u> |
| 7 Inventories | | | |
| Inventories | | | |
| - Raw materials | 3,703.96 | 3,892.18 | 2,881.31 |
| -Work-in-progress | 101.42 | 299.93 | 108.81 |
| -Finished goods | 4,126.48 | 467.33 | 487.70 |
| -Stores and spares | 2,657.48 | 2,407.69 | 2,687.93 |
| | <u>10,589.34</u> | <u>7,067.13</u> | <u>6,165.75</u> |
| Inventories are valued at lower of cost or net realisable value. | | | |
| 8 Trade receivables (Unsecured) | | | |
| Considered good | 6657.63 | 6820.56 | 3137.34 |
| Doubtful | 50.09 | 33.73 | 22.08 |
| Allowance for doubtful debts | (50.09) | (33.73) | (22.08) |
| | <u>6657.63</u> | <u>6820.56</u> | <u>3137.34</u> |
| a) Trade receivables are generally due between 0 to 30 days. The Company's terms of sale include charging of interest for delayed payment beyond agreed credit days. However, the Company charges interest after considering the historical trend, business prospects, reason for delay, market conditions etc. | | | |
| b) The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix which takes into account the historical credit loss experience adjusted for forward looking information. | | | |
| c) Concentration of revenues from two customers of the Company was 60% & 55% of total revenue for the year ended 31 st March, 2018 and 31 st March, 2017 respectively. | | | |
| 9A Cash and Cash equivalents | | | |
| Balances with Banks | | | |
| - In current accounts | 10,478.31 | 10,188.81 | 10,529.02 |
| Cheques on hand | - | 100.00 | - |
| Cash on hand | 1.14 | 0.25 | 0.85 |
| | <u>10,479.45</u> | <u>10,289.06</u> | <u>10,529.87</u> |
| 9B Bank balances other than above | | | |
| Margin money deposits | 1,923.81 | 1,106.91 | 923.70 |
| Unclaimed dividend account (Refer note 21) | 44.28 | 58.38 | 58.47 |
| Other Fixed deposits # | 3,808.09 | 53.73 | 53.73 |
| | <u>5,776.18</u> | <u>1,219.02</u> | <u>1,035.90</u> |
| Total (A+B) | <u>16,255.63</u> | <u>11,508.08</u> | <u>11,565.77</u> |

represents deposits with original maturity more than three months.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

10 Other Financial Assets

| | | | |
|---|---------------|---------------|---------------|
| Security deposits | 33.53 | 33.13 | 52.91 |
| Loans and advances to employees | 0.59 | 1.80 | 7.62 |
| Balances with Government Authorities | | | |
| (i) CENVAT/GST credit receivable | 597.26 | 171.49 | 82.43 |
| (ii) VAT credit receivable | - | 20.52 | 1.49 |
| (iii) Service tax credit receivable | - | 42.34 | 195.71 |
| (iv) Customs duty | - | - | 1.99 |
| Export benefits receivable | - | 47.58 | 111.90 |
| Interest accrued on Deposits | 35.50 | - | 28.87 |
| Other loans and advances | 16.24 | 19.87 | 15.45 |
| | <u>683.12</u> | <u>336.73</u> | <u>498.37</u> |

11 Other Current assets

| | | | |
|---|-----------------|-----------------|-----------------|
| Advances given to suppliers | 974.28 | 767.46 | 1,774.60 |
| Prepaid expenses | 327.02 | 305.04 | 16.30 |
| Balances with Customs, Sales Tax and Excise Authorities | 272.14 | 865.06 | 848.92 |
| Advance Income Tax (net) | 679.16 | - | 279.65 |
| | <u>2,252.61</u> | <u>1,937.56</u> | <u>2,919.47</u> |

12 Assets classified as held for Sale:

| | | | |
|----------------------------|--------------|----------|----------|
| Asset held for sale - Land | 21.28 | - | - |
| | <u>21.28</u> | <u>-</u> | <u>-</u> |

13 Equity Share Capital

Authorised Share capital :

| | | | |
|--|-----------|-----------|-----------|
| 200,000,000 (as at 31 March 2017: 200,000,000 & as at 01 st April 2016: 200,000,000) fully paid equity shares of ₹ 10 each with voting rights | 20,000.00 | 20,000.00 | 20,000.00 |
|--|-----------|-----------|-----------|

Issued

| | | | |
|--|----------|----------|----------|
| 89,976,899 (as at 31 March 2017: 89,976,899 & as at 01 st April 2016: 89,976,899) equity shares of ₹ 10 each with voting rights | 8,997.69 | 8,997.69 | 8,997.69 |
|--|----------|----------|----------|

Subscribed and fully paid up

| | | | |
|--|-----------------|-----------------|-----------------|
| 89,971,474 (as at 31 March 2017: 89,971,474 & as at 01 st April 2016: 89,971,474) equity shares of ₹ 10 each with voting rights | 8,997.15 | 8,997.15 | 8,997.15 |
| | <u>8,997.15</u> | <u>8,997.15</u> | <u>8,997.15</u> |

13.01 In December 1993, the company came out with Rights cum Public Issue of Equity Shares. The difference between issued and subscribed capital of 5,425 shares (previous year 5,425 shares) is due to said shares kept in abeyance under Section 126 of the Companies Act, 2013.

13.02 There has been no movement in the Share Capital during the period. The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of repayment of Share Capital, the same will be in proportion to the number of equity shares held.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Number of shares | Amount |
|--|------------------|----------|
| Balance as at 1 April, 2016 | 89,971,474 | 8,997.15 |
| Movements | - | - |
| Balance as at 31 st March, 2017 | 89,971,474 | 8,997.15 |
| Movements | - | - |
| Balance as at 31 st March, 2018 | 89,971,474 | 8,997.15 |

Fully paid equity shares, which have a par value of ₹ 10, carry one vote per share and carry a right to dividends.

13.03 Details of shares held by each shareholders holding more than 5% shares:

| | As at 31/03/2018 | | As at 31/03/2017 | |
|---|--------------------|--------------|--------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| Fully paid equity shares | | | | |
| Tamilnadu Industrial Development Corporation Limited | 15,843,751 | 17.61 | 15,843,751 | 17.61 |
| Southern Petrochemical Industries Corporation Limited | 15,234,375 | 16.93 | 15,234,375 | 16.93 |
| Sri Kesavan Advisory Services Private Limited | 6,682,862 | 7.43 | 6,682,862 | 7.43 |

13.04 Dividend of ₹ 0.50 per share is proposed for the year ended 31st March 2018. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

14 Other Equity

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| I. Reserves and Surplus | | | |
| A. General reserve | 13,859.94 | 13,859.94 | 13,859.94 |
| B. Securities premium | 4,611.57 | 4,611.57 | 4,611.57 |
| C. Capital reserve | 42.23 | 42.23 | 42.23 |
| D. Other Reserve | 1,986.18 | 1,986.18 | 1,986.18 |
| E. Surplus in Statement of Profit and Loss | 6,921.46 | 2,089.55 | 745.41 |
| II. Other Comprehensive income | | | |
| F. Remeasurement of Defined Benefit Liabilities | (63.91) | 24.87 | - |
| G. Exchange Gain/(Loss) arising on translation of foreign Operations | (172.03) | (240.26) | - |
| | <u>27,185.44</u> | <u>22,374.08</u> | <u>21,245.33</u> |
| A. General reserve | | | |
| Balance at beginning of year | 13,859.94 | 13,859.94 | 13,859.94 |
| Movements | - | - | - |
| Balance at end of year | <u>13,859.94</u> | <u>13,859.94</u> | <u>13,859.94</u> |
| B. Securities premium | | | |
| Balance at beginning of year | 4,611.57 | 4,611.57 | 4,611.57 |
| Movements | - | - | - |
| Balance at end of year | <u>4,611.57</u> | <u>4,611.57</u> | <u>4,611.57</u> |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|--|---------------------------------------|---------------------------------------|---------------------------------------|
| C. Capital reserve | | | | |
| | Balance at beginning of year | 42.23 | 42.23 | 42.23 |
| | Movements | - | - | - |
| | Balance at end of year | 42.23 | 42.23 | 42.23 |
| D. Other Reserve* | | | | |
| | Balance at beginning of year | 1,986.18 | 1,986.18 | 1,986.18 |
| | Movements | - | - | - |
| | Balance at end of year | 1,986.18 | 1,986.18 | 1,986.18 |
| * Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to IND AS as on April 01, 2016. | | | | |
| E. Surplus in Statement of Profit and Loss | | | | |
| | Opening balance | 2,089.55 | 745.41 | (2,952.00) |
| | (Add): Profit for the year | 4,831.91 | 1,344.14 | 3,690.48 |
| | Add: Fair value of investments | - | - | 6.93 |
| | Closing balance | 6,921.46 | 2,089.55 | 745.41 |
| F. Re-measurement of Defined Benefit Liabilities | | | | |
| | Opening balance | 24.87 | - | - |
| | Movements | (88.78) | 24.87 | - |
| | Closing balance | (63.91) | 24.87 | - |
| G. Exchange Gain/(Loss) arising on translation of foreign Operations | | | | |
| | Opening balance | (240.26) | - | - |
| | Movements | 68.23 | (240.26) | - |
| | Closing balance | (172.03) | (240.26) | - |
| 15 Non-Current borrowings | | | | |
| | Interest free deferred sales tax loan (unsecured) | - | 216.16 | 526.51 |
| | | - | 216.16 | 526.51 |
| 16 Other financial liabilities | | | | |
| | Security deposit received | 4.89 | 9.21 | 9.21 |
| | Other payables * | 16.93 | 16.93 | 16.93 |
| | | 21.82 | 26.14 | 26.14 |
| * represents advance received against disposal of equity interests (100000 equity shares) in SEPC Power (Private) Limited upon completion of power project. | | | | |
| 17 Provisions | | | | |
| | Provision for: | | | |
| | Compensated absences | 372.36 | 369.46 | 272.02 |
| | Contingencies | 6,775.62 | 5,180.06 | 132.99 |
| | | 7,147.98 | 5,549.52 | 405.01 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

18 Deferred tax balances

| Deferred tax liabilities in relation to : | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Property, plant and equipment | <u>3,844.72</u> | <u>4,159.53</u> | <u>3,925.48</u> |
| | 3,844.72 | 4,159.53 | 3,925.48 |
| Deferred tax assets in relation to : | | | |
| Unabsorbed depreciation and carried forward of losses | - | 3,340.78 | 3,821.50 |
| Employee benefits | 130.12 | 38.41 | 97.15 |
| Allowance for doubtful debts | 17.50 | 4.03 | 6.83 |
| Expenses allowable on payment basis | <u>812.80</u> | <u>-</u> | <u>-</u> |
| | 960.42 | 3,383.22 | 3,925.48 |
| Deferred Tax | <u>2,884.30</u> | <u>776.31</u> | <u>-</u> |
| MAT Credit Entitlement | <u>1,457.28</u> | <u>352.72</u> | <u>-</u> |
| Deferred tax liabilities (net) | 1,427.02 | 423.59 | - |

Reconciliation between book and taxable profits

| Particulars | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| a. Reconciliation between book and taxable profits for the year: | | |
| Income from Business: | | |
| Profit before tax as shown in the Statement of Profit and Loss | 7,360.67 | 4,585.90 |
| Add: Interest on Income Tax | - | 23.67 |
| Less: Re-measurement of Defined Benefit Obligation | 88.78 | (24.87) |
| Income from Business | 7,271.89 | 4,634.44 |
| Less: Adjustments for Minimum Alternate Tax computation | <u>(4.97)</u> | <u>(2,566.44)</u> |
| Total Taxable income | 7,276.86 | 2,068.00 |
| b. Calculation of Income tax and tax paid : | | |
| Total Taxable income | 7,276.86 | 2,068.00 |
| Income tax @ 18.5% | 1,346.22 | 382.58 |
| Surcharge @12% | 161.55 | 45.91 |
| Cess@ 3% | 45.23 | 12.85 |
| Total Tax including surcharge and Cess | 1,553.00 | 441.35 |

19 Borrowings

| | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Secured | | | |
| Loan repayable on demand from Banks | <u>3,599.46</u> | <u>3931.20</u> | <u>5,692.71</u> |
| Total current borrowings | 3,599.46 | 3,931.20 | 5,692.71 |

Working capital loans are secured by hypothecation of inventories both on hand and in transit, book debts and other receivables, both present and future and further secured by way of mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking pari passu amongst multiple bankers.

The above loans carry varying rates of interests with the maximum rate of interest being 15.10 (As at 31 March 2017: 15.10 and as at 01 April 2016: 15.70) per annum.

The weighted average rate of interest of these loans is 12.86% (2016-17: 14.09%) per annum.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

20 Trade payables

| | | | |
|---|-----------------|-----------------|-----------------|
| Acceptances | 586.73 | 762.53 | - |
| Trade payables | | | |
| (i) dues to micro and small enterprises (note no.35B) | 49.14 | - | - |
| (ii) dues to other than micro and small enterprises | 8,995.10 | 9,046.13 | 7750.82 |
| (iii) dues to capital commitments | 330.41 | 117.00 | - |
| (iv) dues to related parties (note no.48) | 9.61 | 13.26 | 12.66 |
| | <u>9,970.99</u> | <u>9,938.92</u> | <u>7,763.48</u> |

21 Other Current Financial Liabilities

| | | | |
|--------------------------------------|---------------|---------------|---------------|
| Current maturities of long term debt | - | 310.37 | 460.15 |
| Interest accrued but not due | 0.95 | - | - |
| Unclaimed dividends * | 44.28 | 58.38 | 58.47 |
| Deposits | 10.00 | 10.00 | 10.18 |
| Defined Benefit Obligation | 61.25 | - | - |
| Others | 470.20 | - | - |
| | <u>586.68</u> | <u>378.75</u> | <u>528.80</u> |

* Of the above, amount to be credited to Investor Education and Protection Fund Nil Nil Nil

22 Provisions

| | | | |
|----------------------------------|---------------|--------------|--------------|
| Provision for: | | | |
| (a) Compensated absences | 50.84 | 55.94 | 42.39 |
| (b) Provision for taxation (net) | - | 1.45 | - |
| (c) Contingencies | 730.91 | - | - |
| | <u>781.75</u> | <u>57.39</u> | <u>42.39</u> |

23 Other Current Liabilities

| | | | |
|---|---------------|---------------|-----------------|
| Gratuity payable | 317.92 | 106.95 | 244.22 |
| Statutory remittances due | 137.96 | 392.55 | 368.90 |
| Other Payables | 115.78 | 39.02 | 12.16 |
| Advance received from customers | - | - | 1,000.00 |
| Advance received from Insurance Company | - | - | 2,100.00 |
| | <u>571.67</u> | <u>538.52</u> | <u>3,725.28</u> |

24. Revenue from operations

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|---|--|--|
| Sale of products | 108,158.63 | 100,736.57 |
| Sale of services | 24.40 | 21.10 |
| Other operating revenues | 326.22 | 296.23 |
| | <u>108,509.25</u> | <u>101,053.90</u> |
| Less: Excise Duty | 3,618.87 | 12,168.74 |
| | <u>104,890.38</u> | <u>88,885.16</u> |
| Sale of products comprises | | |
| Manufactured goods | | |
| Linear Alkyl Benzene | 91,586.76 | 89,595.08 |
| Caustic soda | 12,212.98 | 7,399.04 |
| Others | 3,045.71 | 2,443.30 |
| | <u>106,845.46</u> | <u>99,437.42</u> |
| Traded goods | | |
| LAB | 1,313.17 | 1,299.15 |
| Total - Sale of products | <u>108,158.63</u> | <u>100,736.57</u> |
| Sale of services comprise | | |
| Effluent Treatment / Hydrogen Testing / Storage | 24.40 | 21.10 |
| Total - Sale of Services | <u>24.40</u> | <u>21.10</u> |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| Other operating revenue comprises | | |
| Scrap sales | 326.22 | 248.65 |
| Export incentive | - | 47.58 |
| Total - Other operating revenue | 326.22 | 296.23 |
| 25. Other income | | |
| Interest | | |
| from bank deposits | 204.21 | 67.67 |
| from others | 219.12 | 127.17 |
| Dividend income from long term investment -associates | 0.05 | - |
| Insurance claim received | 489.52 | - |
| Provision no longer required written back | - | 60.18 |
| Net gain on foreign currency transactions and translation | - | - |
| Sundry balances written back | - | 471.23 |
| Others | 18.95 | 4.96 |
| | 931.85 | 731.21 |
| 26. Cost of materials consumed | | |
| Opening stock | 3,892.18 | 2,881.31 |
| Add: Purchases | 58,450.91 | 51,423.86 |
| | 62,343.09 | 54,305.17 |
| Less: Closing Stock | 3,703.96 | 3,892.18 |
| Cost of material consumed | 58,639.13 | 50,412.99 |
| Material consumed comprises: | | |
| Kerosene | 27,728.47 | 22,852.13 |
| Benzene | 19,965.02 | 16,223.42 |
| Normal Paraffin | 9,673.14 | 10,000.21 |
| Salt | 1,078.71 | 895.06 |
| Others | 193.79 | 442.17 |
| | 58,639.13 | 50,412.99 |
| 27. Purchase of Stock in trade | | |
| Linear Alkyl Benzene | 1,269.65 | 1,257.58 |
| | 1,269.65 | 1,257.58 |
| 28. Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| Inventories at the end of the year | | |
| Finished goods | 4,126.48 | 467.33 |
| Work-in-progress | 101.42 | 299.93 |
| | 4,227.90 | 767.26 |
| Inventories at the beginning of the year | | |
| Finished goods | 467.33 | 487.70 |
| Work-in-progress | 299.93 | 108.81 |
| | 767.26 | 596.51 |
| | (3,460.64) | -170.75 |
| 29. Employee benefits expense | | |
| Salaries and wages | 2,346.62 | 2,154.26 |
| Contributions to provident and other funds | 428.26 | 272.63 |
| Staff welfare expenses | 429.37 | 406.08 |
| | 3,204.25 | 2,832.97 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| | Year ended 31 st March, 2018 | Year ended 31 st March, 2017 |
|--|--|--|
| 30. Finance costs | | |
| Interest expense on borrowings | 426.07 | 693.62 |
| Interest expense on tax demand relating to earlier years ((Refer note 30A1(iv))) | 427.65 | 2,573.28 |
| Bank charges | 167.62 | 165.07 |
| Net loss on foreign currency transactions and translation considered as finance cost | - | 3.40 |
| | <u>1,021.34</u> | <u>3,435.37</u> |
| 31. Depreciation /Amortization | | |
| Depreciation for the year | 2,222.10 | 1576.14 |
| | <u>2,222.10</u> | <u>1576.14</u> |
| 32. Other expenses | | |
| Consumption of stores and spare parts | 3,333.02 | 3,689.65 |
| Utilities consumed | 438.27 | 491.40 |
| Power and fuel | 20,604.07 | 17,097.64 |
| Renewable Energy Power Obligation (RPO) | 1,163.39 | - |
| Rent including lease rentals | 166.18 | 155.87 |
| Repairs to buildings | 351.32 | 11.28 |
| Repairs to machinery | 1,190.76 | 1,315.68 |
| Payment to Auditors: | | |
| Towards audit fee | 14.76 | 19.31 |
| For other services | 7.75 | 9.00 |
| Out of pocket expenses | - | 1.00 |
| Insurance | 324.16 | 288.81 |
| Rates and Taxes | 380.35 | 870.02 |
| Freight and forwarding | 2,787.82 | 2,403.68 |
| Net loss on foreign currency transactions (other than considered as finance cost) | - | 7.39 |
| Loss on fixed assets sold/scrapped | 367.27 | 386.97 |
| Provision for doubtful receivables | 16.36 | 11.65 |
| Advances written off | 241.50 | - |
| Increase / (decrease) of excise duty on inventory | 3.95 | (1.51) |
| Referral Charges | 3,569.14 | - |
| Miscellaneous expenses | 1,528.12 | 1,428.33 |
| | <u>36,488.19</u> | <u>28,186.17</u> |
| 33. Exceptional item | | |
| a) Insurance claim received (Refer note 43) | 922.46 | 2,500.00 |
| | <u>922.46</u> | <u>2,500.00</u> |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

34. Contingent Liabilities and commitments

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 | As at 01 April 2016 |
|-------------|-------------------------|-------------------------|------------------------|
|-------------|-------------------------|-------------------------|------------------------|

Contingent liabilities:

A1. Disputed Demands under Appeals

| | | | |
|------------------|----------|----------|----------|
| i) Sales Tax | 1,731.25 | 1,731.25 | 1,731.25 |
| ii) Excise Duty | 312.70 | 260.61 | 259.29 |
| iii) Service Tax | 415.86 | 536.12 | 339.05 |
| iv) Income Tax | 2,390.00 | 1,089.68 | 5,393.66 |

Demands disputed by the Company and appeals filed against these disputed demands are pending before respective appellate authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.

| | | | |
|--------------------|----------|----------|----------|
| v) Electricity Tax | 1,054.93 | 1,054.93 | 1,054.93 |
|--------------------|----------|----------|----------|

The Tamilnadu Government vide Government Order dated 23rd September 1996 exempted specified industries permanently from payment of electricity tax on consumption of self-generated electrical energy under the "Tamilnadu Electricity (Taxation on Consumption) Act, 1962".

The above Act was repealed by the "Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003", withdrawing the exemption granted to specified industries.

The Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court and the Company filed a "Special Leave Petition" (SLP) before the Supreme Court. On 15th May 2007 the Supreme Court held that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax.

In November 2007, the Government of Tamilnadu passed "the Tamilnadu Tax on Consumption or Sale of Electricity Amendment Act" amending the 2003 Act to invalidate the exemption granted with retrospective effect. The writ petitions filed before the division bench of the High Court against this amendment were dismissed by its Order dated 15.06.2012.

The Company has filed a SLP before the Supreme Court in October 2012 challenging the High Court Order and is hopeful of a favorable decision by Supreme Court especially on invalidation of the exemption granted with retrospective effect. Accordingly, no provision is considered necessary for the electricity tax relating to the period from 2003 to 2008 aggregating to ₹ 1,054.93 lakhs. However, provision has been made for this liability for subsequent periods excluding the periods for which specific exemption were granted through notifications.

| | | | |
|---|----------|---|---|
| vi) Cross Subsidy Charge under Group Captive Scheme | 6,130.48 | - | - |
|---|----------|---|---|

The Company has invested in various power generating companies under Group Captive Schemes governed by individual power purchase agreements with the private power producers. As per the covenants of the Group Captive Scheme introduced by Government of India, Ministry of Power in exercise of its power under Section 176 of the Electricity Act, 2003, captive users are required to hold collectively not less than 26% of the share capital in the generating units and consume not less than 51% of the power generated on an annual basis. Non compliance with either of the conditions above shall attract cross subsidy charges at applicable rates for power consumed from various class of power sources. The Company has received a demand from Tamilnadu Electricity Board (TNEB) for Rs 61.30 crores in respect of power purchased by the company under Group Captive Scheme during the years 2014-15 to 2016-17, alleging non compliance with covenants during the entire period mentioned above, even though such non compliance was for a limited period in 2015-16 due to disrupted operations during December 2015 floods. As per management estimates no liability is likely to accrue to the company in this regard as a writ petition has been filed by the private power producers before the Honourable High Court of Madras, challenging levy of cross subsidy, which is expected to be disposed off in favour of the power producers.

The Company does expect any reimbursement in respect of above contingent liabilities.

B Commitments

| | | | |
|---------------------|--------|--------|-------|
| Capital commitments | 833.42 | 461.74 | 45.13 |
|---------------------|--------|--------|-------|

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

35A. Provision for Contingencies:

| Particulars | As at 01 st April 2017 | Additions | Utilisation / Reversals | As at 31 st March 2018 |
|--|--------------------------------------|-----------------|----------------------------|--------------------------------------|
| Provision for contingencies: | | | | |
| (a) Income tax matters (Note i) | 5,014.07 | - | - | 5014.07 |
| (b) Renewable Energy Purchase Obligation (RPO) (Note ii) | - | 1163.39 | - | 1163.39 |
| (c) Excise duty (Note iii) | - | 730.91 | - | 730.91 |
| d) Electricity Tax (Note iv) | 132.99 | - | - | 132.99 |
| (e) Electricity Cross subsidy charge (Note v) | - | 226.71 | - | 226.71 |
| (f) Open Space Reservation charges (Note vi) | - | 205.46 | - | 205.46 |
| (g) Others (Note vii) | 33.00 | - | - | 33.00 |
| | 5,180.06 | 2,326.47 | - | 7,506.53 |

Notes:

i) Income tax matters:

In respect of Assessment year 2001-02, Income Tax Appellate Tribunal upheld the reopening and reassessment by the department and remanded the case for fresh assessment on merit basis. Consequent to this, during the year 2016-17, the company made a provision towards the tax demand of ₹ 2464.48 lakhs and interest demand of ₹ 2549.59 lakhs based on prudence. The Company has filed further appeal before the Honorable High Court of Madras challenging the order of ITAT in this regard.

ii) Renewable Energy Purchase Obligation (RPO):

The Company has disputed the obligation under the "Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011" under Gazette notification TNERC/RPO/19/2 dated 29th July 2011 and filed a Writ Petition in March 2012 before the Honorable Madras High Court. On 26th March 2012, an interim stay was granted by the Honorable Madras High Court on the operation of the Regulations. In view of developments elsewhere in the country on similar matter and as advised by the legal counsel, the Company has provided for the above liability during the year.

iii) Excise duty:

- Consequent to the commencement of assessment proceedings by the Principal Commissioner CE&ST in response to Supreme Court's order dated 11.8.2015 in the matter, a sum of ₹ 499.36 Lakhs representing excise duty differential on sale of products to a related party and interest thereon has been provided for during the year.
- Cenvat Credit availed on certain capital goods disallowed by the Principal commissioner of CE&ST, appealed before Commissioner (Appeals) by the Company, a sum of Rs 231.55 Lakhs has been provided for as advised by the legal counsel in the light of unsustainability of appeals in this regard.

iv) Electricity Cess:

This relates to Electricity Tax on consumption of self generated power by the Company for the period 2011 to 2012. The exemption granted by TNEB for self generation was not applicable to the above period and hence the tax relating to that period amounting to ₹ 132.99 lakhs was provided.

v) Electricity Cross subsidy charges:

TNEB levied cross subsidy charge on third party power purchases by the Company during the year 2012. Company challenged the same before Honorable Madras High Court and stay was obtained. However, TNEB has gone on appeal before Supreme Court. Based on current developments and legal counsel opinion, a sum of Rs 226.71 lakhs (including interest of Rs 71.68 lakhs) has been provided during the year.

vi) Open Space Reservation Charges

This relates to demand from Chennai Metropolitan Development Authority towards non compliance of Open Space Reservation in the construction of factory buildings in the Petro Araldite Project, a Joint Venture between the Company and Vantico Performance & Polymers P Ltd. Upon termination of the JV agreement, the assets were taken over by the company. In view of the non compliance mentioned above the demand has been provided for without prejudice to the company's appeal for reconsideration of guideline value adopted for arriving at the quantum of demand.

vii) Others: Represents Lease rental demand charges from Revenue Authorities for years 2006-07 and 2007-08 under dispute.

The Company does not expect any reimbursement in respect of above Provision for Contingencies.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

35B. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Principal amount remaining unpaid to suppliers is ₹ 49.14 lakhs (Refer Note: 20) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. There were no overdue amounts / interest payable to Micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date or any time during the year.

36. Employee benefit plans

a) Defined contribution plans

The Company makes Provident fund contributions to defined contribution plans for qualifying employees. Under this scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable by the Company to these plans are at the rates specified in the rules of the schemes.

| Particulars | For the year | |
|--|--------------|---------|
| | 2017-18 | 2016-17 |
| Contribution to provident fund recognised in profit and loss | 89.64 | 92.44 |

b) Defined benefit plans

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation carried out at the year end. The Gratuity scheme of the Company is funded with the Life Insurance Corporation of India.

The details of actuarial valuation in respect of Gratuity are as given below:

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|---|---------------------------------------|---------------------------------------|
| i) Change in Defined Benefit Obligation (DBO) during the year: | | |
| Present value DBO at the beginning of the year | 670.51 | 661.23 |
| Service cost | 115.83 | 31.81 |
| Interest cost | 48.61 | 47.94 |
| Remeasurment(gain)/loss | (7.35) | 22.91 |
| Actuarial (gain)/loss arising from experience adjustments | 101.40 | (48.94) |
| Benefits paid | (80.00) | (44.44) |
| Present value DBO at the end of the year | 849.00 | 670.51 |
| ii) Change in fair value of plan assets during the year: | | |
| Fair value of plan assets as at beginning of the year | 567.56 | 417.01 |
| Expected return on planned assets | 38.25 | 34.48 |
| Contributions | - | 161.66 |
| Benefits paid | (80.00) | (44.44) |
| Remeasurment gain/(loss) | 5.27 | (1.15) |
| Fair value of plan asset at the end of the year | 531.08 | 567.56 |
| iii) Amount recognised in the balance sheet | | |
| Present value DBO at the end of the year | 849.00 | 670.51 |
| Fair value of the plan assets at the end of the year | 531.08 | 567.56 |
| (Liability) / Asset recognised in the Balance sheet - net | (317.92) | (102.95) |
| iv) Components of employer expenses: | | |
| Current service cost | 115.83 | 31.81 |
| Interest cost/ (income) on net defined benefit obligation | 10.36 | 13.46 |
| Expense recognised in Statement of Profit and Loss | 126.19 | 45.27 |
| v) Remeasurement on the net defined benefit obligation | | |
| Return on plan assets (excluding interest income) | (5.27) | 1.15 |
| Actuarial loss arising from changes in financial assumptions | (7.35) | 22.91 |
| Actuarial loss arising from changes in experience adjustments | 101.40 | (48.94) |
| Remeasurements recognised in other comprehensive income | 88.78 | (24.88) |
| Total defined benefit cost recognised | 214.97 | 20.39 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

ASSUMPTIONS

The principal assumptions used for the purposes of the actuarial valuations are given below:

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 | As at 01 st April, 2016 |
|---------------------------|--|---------------------------------------|---------------------------------------|
| Discount rate | 7.44% | 7.25% | 8% |
| Expected rate of return | 7.00% | 7.25% | 8% |
| Expected salary increment | 5% | 5% | 5% |
| Attrition rate | 4% | 3% | 3% |
| Mortality table used | Indian Assured Lives Mortality (2006-08) | | |

Sensitivity analysis - DBO at the end of the year

| | As at 31 st March, 2018 | As at 31 st March, 2017 |
|--------------------------------|---------------------------------------|---------------------------------------|
| i Discount -0.5% | 868.54 | 686.67 |
| ii Discount +0.5% | 830.31 | 655.07 |
| iii Escalation -0.5% | 829.8 | 654.84 |
| iv Escalation +0.5% | 868.73 | 686.77 |
| v Mortality x 95% | 848.92 | 670.45 |
| vi Mortality x 105% | 949.11 | 670.59 |
| vii Attrition x 95% | 846.82 | 669.68 |
| viii Attrition x 105% | 851.12 | 672.28 |
| ix ₹ 1,000,000 Benefit Ceiling | 843.05 | 670.52 |
| x No Benefit Ceiling | 849.03 | 672.09 |

| | | |
|---|-------------------|-------------------|
| Weighted average duration of DBO | 6.44 Years | 6.75 Years |
|---|-------------------|-------------------|

Expected cash flows

| | | |
|---|--------|--------|
| 1 Expected employer contribution in the next year | 100.00 | 80 |
| 2 Expected benefit of payments | | |
| Year 1 | 100.59 | 79.62 |
| Year 2 | 127.17 | 107.71 |
| Year 3 | 137.84 | 95.03 |
| Year 4 | 147.73 | 92.32 |
| Year 5 | 113.18 | 101.96 |
| Beyond 5 years | 416.07 | 337.99 |

37. CIF Value of Imports

| | | |
|-------------------|------------------|-----------------|
| Traded goods | 1,269.65 | 1,257.58 |
| Intermediates | 8,529.99 | 4,945.10 |
| Stores and spares | 1,419.69 | 986.20 |
| | <u>11,219.33</u> | <u>7,188.88</u> |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

38. Expenditure in Foreign Currency

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---------------------------|------------------------------|------------------------------|
| Travel and training | 27.66 | - |
| Technical services | 109.91 | 86.05 |
| Interest on buyers credit | 7.90 | 4.20 |
| Subscription | 34.49 | 27.95 |
| | 179.96 | 118.20 |

39. Earnings in Foreign Exchange

| | | |
|------------------------------|--------|----------|
| Export of goods on FOB basis | 392.28 | 2,667.82 |
|------------------------------|--------|----------|

40. Earnings per share

| | | |
|---|-------------|-------------|
| Profit after taxation (₹ In lacs) | 4,831.91 | 1,344.14 |
| Weighted number of equity shares outstanding | 8,99,71,474 | 8,99,71,474 |
| Basic earnings per share- (Face value – ₹ 10/- per share) | 5.37 | 1.49 |

| | | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|-----|--|------------------------------|---------------------|------------------------------|---------------------|
| 41. | Consumption of Imported and Indigenous raw materials, stores and spare parts and percentage of each to total consumption | % of Total Consumption | Value (Rs in Lakhs) | % of Total Consumption | Value (Rs in Lakhs) |
| | (i) Raw materials and intermediates consumed | | | | |
| | Imported | 16.67 | 9,773.14 | 19.84 | 10,000.21 |
| | Indigenous | 83.33 | 48,865.99 | 80.16 | 40,412.78 |
| | | 100.00 | 58,639.13 | 100.00 | 50,412.99 |
| | (ii) Stores and spare parts consumed | | | | |
| | Imported | 42.59 | 1,419.69 | 36.13 | 1,333.05 |
| | Indigenous | 57.41 | 1,913.33 | 63.87 | 2,356.60 |
| | | 100.00 | 3,333.02 | 100.00 | 3,689.65 |

42. Details on derivative instruments and unhedged foreign currency exposures

- (i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2018 NIL
- (ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| | Currency | Amount in Foreign Currency | Amount (₹ in lakhs) |
|---|----------|----------------------------|---------------------|
| Amount receivable in foreign currency - Exports | USD | - | - |
| | USD | - | - |
| | USD | 203,819 | 132.82 |
| | USD | (137,137) | (88.92) |
| Amount payable in foreign currency - Imports | GBP | - | - |
| | GBP | (12,508) | (10.12) |
| | EURO | 1,493 | 1.19 |
| | EURO | - | - |

Figures in brackets are in respect of previous year

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

43. The Company received ₹ 922 Lakh during the current financial year from the Insurers as final settlement against claims made towards material damage and business interruption owing to unprecedented rainfall and consequent flooding during December 2015 and January 2016. The same have been disclosed as Exceptional Items.
44. The Chief Operating Decision Maker (CODM) has considered manufacturing of industrial intermediate chemicals as the single operating segment of operation.
45. Net sales to customers by geographic area for the year ended.

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|------------------|------------------------------|------------------------------|
| (a) India | 107,766.35 | 98,068.75 |
| (b) Bangladesh | 392.28 | 2,097.67 |
| (c) South Africa | - | 570.15 |

46. The company does not own any non current assets outside India as specified under Para 33(b) of Ind AS 108.

47. Financial instruments

(i) Capital management

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

The Company's objective when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the weighted average cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

(ii) Loan covenants

No covenants are applicable as of March 2018 since there were no term loans outstanding.

Categories of financial instruments

| Particulars | Particulars | | |
|---|-------------|------------|------------|
| | 31/03/2018 | 31/03/2017 | 01/04/2016 |
| A. Financial assets | | | |
| Measured at Fair value through profit or loss (FVTPL): | | | |
| Security Deposits | 120.01 | 133.34 | 146.67 |
| Investments in equity instruments under Group Captive Scheme | 318.92 | 40.88 | 43.45 |
| (3078604 Equity Shares of Rs 10 each fully paid up) | | | |
| Measured at Amortised cost | | | |
| - Cash and bank balances | 16,255.63 | 11,508.08 | 11,565.77 |
| - other financial assets | 7,340.75 | 7,157.29 | 3,635.72 |
| | 24,035.31 | 18,839.59 | 15,391.60 |
| B. Financial liabilities | | | |
| Measured at amortised cost (including trade payable balances) | 22,680.34 | 20,636.60 | 18,710.32 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(iii) Financial risk management objectives

The Company's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

| Risk | Exposure arising from | Measurement | Management |
|--|--|---|---|
| a. Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Ageing analysis Credit ratings Financial analysis | Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment |
| b. Market risk | | | |
| i. Market risk - foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting Sensitivity analysis | Foreign exchange forward contracts |
| ii. Market risk - Interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Market trends, Interest rate swaps |
| c. Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of sanctioned credit lines and borrowing facilities |

The Company's risk management is governed by policies monitored by Risk Management Committee, a sub-committee of the Board and as well approved by the Board of Directors. Company's treasury identifies, evaluates and hedges financial risks in close co-ordination with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity in short term Fixed Deposits / Mutual debt funds.

a. Credit Risk

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

Trade receivables

- a(i) Customer credit risk is managed by each business unit under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release.

The impairment is based on expected credit loss model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 8. The Company does not hold any collateral as security.

Financial Instruments and cash deposits

- a(ii) Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made for short-term and liquid funds of rated mutual funds and deposits with banks. The Investment limits are set out per Mutual fund and the value of total fixed deposit in Banks to minimise the concentration risk. Investments are reviewed by the Board of Directors on a quarterly basis.

The Company has no exposure to credit risk relating to these cash deposits as at: 31st March 2018, 31st March 2017 and 1st April 2016

Market Risk

- b Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Market risk exposures are measured using sensitivity analysis. There has been no change in the measurement and management of the Company's exposure to market risks .

Foreign currency risk management

- b(i) 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. Foreign exchange rate exposures are managed within policy parameters approved by Board of Directors. The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum of 12 month period of forecasted receipts and payments. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company hedges around 50% of the net material exposure by currency. Exposures relating to capital expenditure beyond a threshold are hedged as per Company policy at the time of commitment.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

Interest rate risk management

- b(ii) Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107. The Company at the end of March 2017, does not carry any loans with variable interest.

48. Related Party Disclosure

- i) The list of related parties as identified by the management for disclosure as under
- | | |
|----------------------------------|---|
| A) Joint Venturers | 1. Southern Petrochemical Industries Corporation Limited (SPIC) |
| | 2. Tamilnadu Industrial Development Corporation Limited (TIDCO) |
| B) Associates of Joint Venturer | 1. Manali Petrochemicals Limited |
| | 2. Tuticorin Alkali Chemicals and Fertilizers Ltd., |
| | 3. AMCHEM Speciality Chemical Pvt. Ltd., |
| C) Post Employment Benefit plans | 1. TPL Employees Provident Fund Trust |
| | 2. HCD Employees Provident Fund Trust |
| D) Key Management Personnel | 1. Mr. KT Vijayagopal, Whole Time Director (Finance) & CFO |
| | 2. Mr. D Senthikumar, Whole Time Director (Operations) |

The Company has identified all related parties and details of transactions are given below

- ii) The following transactions were carried out with the Related Parties.

| Particulars | Joint Venturers | Associates of Joint Venturer | Post Employment Benefit plan | Key Management Personnel (KMP) |
|---|------------------|------------------------------|------------------------------|--------------------------------|
| Sale of Goods | | | | |
| a) SPIC | 90.16 (39.50) | | | |
| b) MPL | | 823.33 (1,190.02) | | |
| Sale of services | | | | |
| a) MPL | | 33.24 (20.52) | | |
| Purchase of goods | | | | |
| a) MPL | | 84.22 (3,329.06) | | |
| b) TAC | | 20.57 (44.18) | | |
| Services Availed | | | | |
| a) MPL - i) Effluent Line Usage | | 13.33 (13.33) | | |
| ii) Management services | | 251.17 (8.61) | | |
| b) AMCHEM Speciality Chemicals | | 47.35 - | | |
| Reimbursement of expenses | | | | |
| a) SPIC | 0.49 (0.60) | | | |
| b) MPL | | 2.66 (27.51) | | |
| c) TAC | | 10.93 (7.11) | | |
| The remuneration to Key Personnel for the years is given below | | | | |
| Short term benefits | | | | 99.76 (93.53) |
| Other benefits | | | | 6.24 (5.99) |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

| Particulars | Joint Venturers | Associates of Joint Venturer | Post Employment Benefit plan | Key Management Personnel (KMP) |
|---|-----------------|------------------------------|------------------------------|--------------------------------|
| Contributions to PF Trust | | | | |
| - TPL Employees PF Trust | | | 222.41 (229.24) | |
| - HCD Employees PF Trust | | | 68.12 (79.25) | |
| Balance outstanding as of 31st March 2018 | | | | |
| Trade Receivables | | | | |
| a) SPIC | 10.15 (7.49) | | | |
| b) MPL | | 161.67 (61.76) | | |
| Deposit with MPL | | 188.78 (202.11) | | |
| Other Receivables | | | | |
| a) SPIC | 0.25 (4.39) | | | |
| b) MPL | | 49.82 (20.52) | | |
| Other payables | | | | |
| a) SPIC | - (3.65) | | | |
| b) MPL | | 322.08 - | | |
| c) PF Trust | | | | |
| - TPL PF Trust | | | 18.82 (17.59) | |
| - HCD PF Trust | | | 5.56 (5.23) | |

Transactions with related parties in the nature of sale of goods, rendering of service, purchase of goods, procurement of service are at arm's length price.

Figures in brackets relate to previous year.

- iii. Additional information as required in Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entity in the Group | Net assets* | | Share of profit or loss | | Share in OCI [#] | | Share in TCI [@] | |
|---|---------------------------------|------------------|-------------------------------------|-----------------|------------------------------|----------------|------------------------------------|-----------------|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit or Loss | Amount | As % of Comprehensive Income | Amount | As % of Total Comprehensive Income | Amount |
| Parent | | | | | | | | |
| Tamilnadu Petroproducts Limited | 71.51 | 25,873.61 | 96.67 | 4,671.04 | 100.00 | (88.78) | 95.24 | 4,582.26 |
| Subsidiaries - Foreign | | | | | | | | |
| 1 Certus Investments and Trading Limited, Mauritius | 24.88 | 9,003.58 | 3.15 | 152.25 | 100.00 | 68.23 | 4.58 | 220.48 |
| 2 Certus Investments and Trading Limited, Singapore | 2.53 | 913.64 | 0.30 | 14.52 | - | - | 0.30 | 14.52 |
| 3 Proteus Petrochemicals Private Limited | 1.08 | 391.76 | (0.12) | (5.89) | - | - | (0.12) | (5.89) |
| Total | 100.00 | 36,182.59 | 100.00 | 4,831.91 | 100.00 | (20.55) | 100.00 | 4,811.36 |

* Total Assets - Total Liabilities

[#] Other Comprehensive Income

[@] Total Comprehensive Income

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

49. Transition to Ind AS

These financial statements, for the year ended 31 March 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out below:

(i) Transition election

(a) Optional exemptions

The Company in applying Ind AS principle for measurement of recognised assets and liabilities is subject to certain optional exemptions, apart from mandatory exceptions, availed by the Company as detailed below.

| Optional exemptions | Notes |
|--|-------|
| Deemed Cost for property, plant and equipment, investment property, and intangible assets | I |
| Investments in subsidiaries in separate financial statements | II |
| Business combinations | III |
| Fair value measurement of financial assets or financial liabilities at initial recognition | IV |

I. Deemed Cost for property, plant and equipment, investment property, and intangible assets:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Company has elected to measure all of its property, plant & equipment at their previous GAAP carrying value as on the transition date.

II. Investments in subsidiaries in separate financial statements

According to Ind AS 27, when an entity prepares separate financial statements, it is required to account for its investments in subsidiaries either:

- (a) at cost; or (b) in accordance with Ind AS 109.

Under the transitional provision set out in Ind AS 101, the first-time adopter can measure such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following methods in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
(b) deemed cost.

The deemed cost of such an investment shall be its:

- (i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
(ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary that it elects to measure using a deemed cost.

The Company has adopted Cost model as prescribed under para D15 in Ind AS 101 - First Time Adoption of Indian Accounting Standards.

III. Business combinations

In accordance with Ind AS transitional provisions, the Company has elected to apply Ind AS relating to business combinations prospectively from April 01, 2016. As such, previous GAAP balances relating to business combinations entered into before that date, have been carried forward without adjustment.

IV. Fair value measurement of financial assets or financial liabilities at initial recognition

In accordance with Ind AS transitional provisions, the Company opted to apply the provisions of day one gain or loss provisions retrospectively on transactions occurring on or after the date of transition to Ind AS.

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(b) Mandatory exceptions

The Mandatory exceptions applicable to the Company are given below:

| Mandatory Exceptions | Note |
|--|-------------|
| Estimates | I |
| Derecognition of assets and liabilities | II |
| Classification and measurement of financial assets and liabilities | III |
| Impairment of Financial assets | IV |

I. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- (i) Impairment of financial assets based on expected credit loss model

II. Derecognition of Financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

III. Classification and measurement of Financial assets

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

IV. Impairment of Financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

(ii) Reconciliation of Other equity as previously reported under previous GAAP to Ind AS

| | As at 31.03.2017 | As at 01.04.2016 |
|--|-----------------------------|-----------------------------|
| Reserves and surplus as reported under Previous GAAP | 1,867.23 | 738.48 |
| a) Ind AS adjustments that lead to increase in equity | | |
| - Fair valuation of Investment in SEPC Power (Private) Limited | 6.93 | 6.93 |
| b) Ind AS adjustments that lead to decrease in equity | - | - |
| Other equity as reported under Ind AS | 1,874.16 | 745.41 |

(iii) Reconciliation of Profits as previously reported under previous GAAP to Ind AS

| | For the year 2016-17 |
|--|-----------------------------|
| Profit as reported under previous GAAP | 1,128.75 |
| Actuarial gain/losses on remeasurement of the Defined benefit obligation | (24.87) |
| Exchange differences in translating the financial statements of foreign operations | 240.26 |
| Profit as per IND AS | 1,344.14 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(iv) Reconciliation of Balance sheet as previously reported under previous GAAP to Ind AS :

| Particulars | Foot Note | As at 31/03/2017 | | | As at 01/04/2016 | | |
|---|-----------|------------------|---|---------------------------|------------------|---|---------------------------|
| | | Previous GAAP | Effect of transition to Ind AS Reclassification | As per Ind AS Adjustments | Previous GAAP | Effect of transition to Ind AS Reclassification | As per Ind AS Adjustments |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| (a) Property, plant and equipment | | 21,583.51 | | 21,583.51 | 21,788.29 | | 21,788.29 |
| (b) Capital work-in-progress | | 1,527.37 | | 1,527.37 | 1,545.91 | | 1,545.91 |
| (c) Financial assets | | | | | | | |
| (i) Investments | | | | | | | |
| (a) Investments in Subsidiaries | 2 | | | | | | |
| (b) Other Investments | 3 | 33.95 | | 6.93 | 40.88 | | 6.93 |
| (ii) Other financial assets | | - | 133.34 | | 133.34 | 146.67 | |
| (h) Other non-current assets | | 2,844.68 | (1,368.42) | | 1,476.26 | (1,290.68) | |
| Total non-current assets | | 25,989.51 | | 24,761.36 | 25,803.18 | | 24,666.10 |
| Current assets | | | | | | | |
| (a) Inventories | | 7,067.13 | | 7,067.13 | 6,165.75 | | 6,165.75 |
| (b) Financial assets | | | | | | | |
| (i) Trade receivables | | 6,820.56 | | 6,820.56 | 3,137.34 | | 3,137.34 |
| (ii) Cash and Cash equivalents | | 11,449.06 | 59.02 | 11,508.08 | 11,506.75 | 59.02 | 11,565.77 |
| (iii) Bank balances other than (ii) above | | - | | - | - | | - |
| (iv) Other Financial assets | | 1,375.20 | (1,038.47) | 336.73 | 2,192.08 | (1,693.71) | 498.37 |
| (c) Other Current assets | | 66.15 | 1,871.41 | 1,937.56 | 140.77 | 2,778.70 | 2,919.47 |
| Total current assets | | 26,778.10 | | 27,670.06 | 23,142.69 | | 24,286.70 |
| Total assets | | 52,767.61 | | 52,431.42 | 48,945.87 | | 48,952.80 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| (a) Equity share capital | | 8,997.15 | | 8,997.15 | 8,997.15 | | 8,997.15 |
| (b) Other equity | | 22,367.15 | | 6.93 | 21,238.40 | | 6.93 |
| Total equity | | 31,364.30 | | 31,371.23 | 30,235.55 | | 30,242.48 |
| Non-current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| Borrowings | | 216.16 | | 216.16 | 526.51 | | 526.51 |
| Other financial liabilities | | 26.14 | | 26.14 | 26.14 | | 26.14 |
| (b) Provisions | | 369.46 | 5,180.06 | 5,549.52 | 272.02 | 132.99 | 405.01 |
| (c) Deferred tax liabilities (net) | | 776.31 | (352.72) | 423.59 | - | | - |
| Total non-current liabilities | | 1,388.07 | | 6,215.41 | 824.67 | | 957.66 |
| Current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | 3,931.20 | | 3,931.20 | 5,692.71 | | 5,692.71 |
| (ii) Trade payables | | 10,134.32 | (195.40) | 9,938.92 | 7,908.63 | (145.15) | 7,763.48 |
| (iii) Other financial liabilities | | 878.25 | (499.50) | 378.75 | 4,241.92 | (3,713.12) | 528.80 |
| (b) Provisions | | 5,071.47 | (5,014.08) | 57.39 | 42.39 | | 42.39 |
| (c) Other current liabilities | | - | 538.52 | 538.52 | - | 3,725.28 | 3,725.28 |
| Total current liabilities | | 20,015.24 | | 14,844.78 | 17,885.65 | | 17,752.66 |
| Total liabilities | | 21,403.31 | | 21,060.19 | 18,710.32 | | 18,710.32 |
| Total equity and liabilities | | 52,767.61 | | 52,431.42 | 48,945.87 | | 48,952.80 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(v) Reconciliation of Statement of Profit and Loss account as previously reported under previous GAAP to Ind AS

| Particulars | Note | For the year 2016-17 | | |
|--|------|----------------------|--------------------------------|-------------------|
| | | Previous GAAP | Effect of transition to IND AS | As per IND AS |
| INCOME | | | | |
| Revenue from operations | | 101,053.90 | - | 101,053.90 |
| Other income | | 731.21 | - | 731.21 |
| Total Revenue | | 101,785.11 | | 101,785.11 |
| EXPENSES | | | | |
| Cost of Materials consumed | | 50,412.99 | - | 50,412.99 |
| Purchase of Stock-in-trade | | 1,257.58 | - | 1,257.58 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | | (170.75) | - | (170.75) |
| Excise duty | | 12,168.74 | - | 12,168.74 |
| Employee benefits expense | 1 | 2,808.10 | (24.87) | 2,832.97 |
| Finance costs | | 3,435.37 | - | 3,435.37 |
| Depreciation / Amortization Costs | | 1,576.14 | - | 1,576.14 |
| Other expenses | 2 | 28,426.43 | 240.26 | 28,186.17 |
| Total expenses | | 99,914.60 | | 99,699.21 |
| Profit before exceptional item and taxes | | 1,870.51 | | 2,085.90 |
| Exceptional items | | 2,500.00 | - | 2,500.00 |
| Profit before tax | | 4,370.51 | | 4,585.90 |
| Tax expense: | | | | |
| Current tax | | 353.69 | - | 353.69 |
| Less : Mat credit entitlement | | (352.72) | - | (352.72) |
| Deferred tax | | 776.31 | - | 776.31 |
| Provision for tax relating to prior years | | 2,464.48 | - | 2,464.48 |
| Net tax expense | | 3,241.76 | | 3,241.76 |
| Profit for the year | | 1,128.75 | | 1,344.14 |
| Other Comprehensive income | | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | | |
| Re-measurement of Defined Benefit Liabilities | 1 | - | (24.87) | 24.87 |
| Income Tax on items that will not be reclassified to profit or loss | | - | - | - |
| (ii) Items that will be reclassified to Profit or Loss | | - | 240.26 | (240.26) |
| Exchange differences in translating the financial statements of foreign operations | 2 | - | - | - |
| Income Tax on items that will be reclassified to profit or loss | | - | - | - |
| Total Comprehensive income | | 1,128.75 | | 1,128.75 |

Notes forming part of the Consolidated financial statements for the year ended 31st March 2018

All amounts are in ₹ Lakhs unless otherwise stated

(vi) Reconciliation to cash flow for the year ended 31st March, 2017

| | For the year 2016-17 | | |
|---------------------------|----------------------|------------------|-----------|
| | Previous GAAP | Reclassification | IND AS |
| Cash and Cash Equivalents | 11,449.06 | (59.02) | 11,508.08 |

Deposit of ₹ 59.02 lakhs reclassified from other deposits to cash and cash equivalents on transition.

Foot Notes:

- Under Ind AS remeasurements in defined benefit plans are recognised in other comprehensive income. Under previous GAAP such remeasurements (actuarial gains and losses) were recognised in the statement of profit and loss.
- Exchange differences in translating the financial statements of foreign subsidiaries is recorded under Other Comprehensive Income as per Ind AS.
- Measurement of Equity Investment under Group Captive Scheme at fair value through profit or loss under Ind AS 109-Financial Instruments.

50. The Company has leased land and warehouse under operating lease agreements that are renewable on a periodic basis.

Rental expense under this lease is ₹ 84.98 lakhs for the year ended March 31, 2018 and ₹ 78.61 lakhs for the year ended March 31, 2017.

Future Minimum Rentals Payable under non-cancellable operating leases as at 31st March are as follows:

| Lease Rentals: | As at 31 st March, 2018 | As at 31 st March, 2017 |
|--|---------------------------------------|---------------------------------------|
| Within one year | 88.60 | 74.85 |
| After one year, but not more than five years | 28.32 | 42.48 |
| Later than five years | - | - |

51. Events after the reporting period

The Board of Directors have recommended a dividend of ₹ 0.50 per share (5%) on 8,99,71,474 equity shares of ₹ 10/- each for Financial Year 2017-18 subject to approval of Members at the Annual General Meeting.

52. Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors in their meeting held on 14th May, 2018.

| In terms of our report attached | For and on behalf of the Board of Directors | |
|-----------------------------------|---|----------------------------------|
| For R.G.N. Price & Co | KT Vijayagopal | D Senthikumar |
| Chartered Accountants | Whole Time Director (Finance) & CFO | Whole Time Director (Operations) |
| Firm Regn No.002785S | DIN:02341353 | DIN:00202578 |
| Mahesh Krishnan | | K Priya |
| Partner | | Company Secretary |
| M.No. 206520 | | |
| Place : Chennai | | |
| Date : 14 th May, 2018 | | |

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture

Part "A": Subsidiaries

| Particulars | Name of the Subsidiaries | | | | | |
|-----------------------------------|---|---------------------|---|---------------------|---|---------------------|
| | Certus Investments and Trading Limited, Mauritius | | Certus Investments and Trading (S) Private Limited, Singapore | | Proteus Petrochemicals Private Limited, Singapore | |
| | 31 st March 2018 | | 31 st March 2018 | | 31 st March 2018 | |
| | Rupees in lakhs* | In USD (In Million) | Rupees in lakhs* | In USD (In Million) | Rupees in lakhs* | In USD (In Million) |
| Capital | 13,307.06 | 20.42 | 1,222.16 | 1.88 | 195.51 | 0.30 |
| Reserves | (2,998.09) | (4.60) | (308.52) | (0.47) | 196.25 | 0.30 |
| Total assets | 10,325.56 | 15.84 | 944.32 | 1.45 | 398.22 | 0.61 |
| Total liabilities | 10,325.56 | 15.84 | 944.32 | 1.45 | 398.22 | 0.61 |
| Investments | 1,222.16 | 1.88 | - | - | - | - |
| Turnover (including other income) | 172.66 | 0.26 | 197.38 | 0.30 | 6.20 | 0.01 |
| Profit / (Loss) before tax | 158.72 | 0.24 | 18.49 | 0.03 | (5.96) | (0.01) |
| Provision for taxation | 4.76 | 0.01 | 3.81 | 0.01 | - | - |
| Profit / (Loss) after tax | 153.95 | 0.24 | 14.68 | 0.02 | (5.96) | (0.01) |
| % of Shareholding | 100% | | 100% @ | | 100% @ | |

* Translated at exchange rate prevailing as on 31.03.2018

1 USD = ₹ 65.17

@ Held by Certus Investments and Trading Limited, Mauritius

In terms of our report attached

For R.G.N. Price & Co

Chartered Accountants

Firm Regn No.002785S

KT Vijayagopal

Whole Time Director (Finance) & CFO

DIN:02341353

For and on behalf of the Board of Directors

D. Senthikumar

Whole Time Director (Operations)

DIN:00202578

Mahesh Krishnan

Partner

M.No. 206520

Place : Chennai

Date : 14th May, 2018

K. Priya

Company Secretary

FINANCIAL HIGHLIGHTS

(₹ in crores)

| Particulars | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---------------------------------|----------|---------|---------|---------|-----------------|
| Share Capital | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 |
| Reserves & Surplus/Other Equity | 218.19 | 151.01 | 209.01 | 218.56 | 264.38 |
| Networth | 288.30 | 221.12 | 279.12 | 288.67 | 334.49 |
| Return on Capital Employed | (3.13) | (13.29) | (1.77) | 18.03 | 21.60 |
| Fixed Assets (net) | 302.25 | 264.54 | 233.34 | 231.11 | 229.74 |
| Sales(Net) | 1,063.94 | 961.43 | 700.63 | 888.85 | 1,048.90 |
| Gross Profit/(Loss) | 7.09 | (17.55) | 12.76 | 66.82 | 95.12 |
| Interest/Finance Charges | 32.27 | 19.57 | 14.74 | 34.35 | 10.21 |
| Depreciation | 30.43 | 20.60 | 17.58 | 15.76 | 22.22 |
| Current Tax | - | - | - | - | 4.12 |
| Tax relating to Prior Year | - | - | - | 24.64 | - |
| Deferred Tax | (18.30) | (18.32) | - | 7.76 | 21.08 |
| Net Profit/(Loss) | (37.30) | (53.07) | 38.15 | 9.30 | 46.71 |
| Dividend (incl.Tax) | - | - | - | - | 5.42* |
| Dividend % | - | - | - | - | 5.00* |
| Earnings Per Share (Rs.) | (4.15) | (5.90) | 4.24 | 1.03 | 5.19 |

* Subject to approval of shareholders at the 33rd AGM.



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