# TAMILNADU PETROPRODUCTS LIMITED

## 35TH ANNUAL REPORT
## 2019-20

TPL

## Vision & Mission

*To sustain and improve upon our performance in petrochemical sector meeting all stakeholders expectations following best practices.*

## Financial Highlights

(₹ in Crore)

| Details | Ind AS | | | | Previous GAAP | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2019-20** | **2018-19** | **2017-18** | **2016-17$** | **2015-16** | **2014-15** | **2013-14** | **2012-13** | **2011-12** | **2010-11** |
| Revenue from Operations | **1,224.96** | 1,245.33 | 1,085.09 | 888.85 | 700.63 | 949.87 | 1,051.82 | 1,281.42 | 1,248.19 | 1,066.46 |
| Other Income | **8.25** | 6.96 | 7.30 | 2.89 | 2.71 | 11.56 | 12.12 | 5.54 | 11.64 | 7.89 |
| **Total Revenue** | **1,233.21** | 1,252.29 | 1,092.39 | 891.74 | 703.33 | 961.43 | 1,063.94 | 1,286.96 | 1,259.82 | 1,074.35 |
| EBIDTA | **101.47** | 98.53 | 96.62 | 66.82 | 12.76 | (17.55) | 7.09 | (0.35) | 75.30 | 73.68 |
| PBT | **70.53** | 71.68 | 76.91 | 41.71 | 38.15 | (71.39) | (55.60) | (72.53) | 6.45 | 29.38 |
| **PAT** | **55.08** | 54.27 | 51.70 | 9.30 | 38.15 | (53.07) | (37.30) | (50.56) | 5.94 | 29.47 |
| Equity Capital | **89.97** | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 | 89.97 |
| Reserves & Surplus | **360.68** | 318.63 | 269.38 | 218.56 | 189.16 | 151.01 | 218.19 | 255.70 | 306.45 | 305.94 |
| **Net Worth** | **433.21** | 388.98 | 340.13 | 288.67 | 259.27 | 221.12 | 288.30 | 325.61 | 376.16 | 375.45 |
| Face value of share | **10.00** | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| **Earnings per share ₹** | **6.12** | 6.03 | 5.75 | 1.03 | 4.24 | (5.90) | (4.15) | (5.62) | 0.66 | 3.28 |
| Dividend % | **15*** | 10 | 5 | - | - | - | - | - | 5 | 10 |
| **Book value per share ₹** | **50.09** | 45.41 | 39.94 | 34.29 | 33.23 | 26.78 | 34.25 | 38.42 | 44.06 | 44.00 |
| EBIDTA / Net Revenue % | **8.28** | 7.91 | 8.90 | 7.52 | 1.82 | (1.85) | 0.67 | (0.03) | 6.03 | 6.91 |
| PBT / Net Revenue % | **5.76** | 5.76 | 7.09 | 4.69 | 5.45 | (7.52) | (5.29) | (5.66) | 0.52 | 2.75 |
| Return on Networth % | **12.71** | 13.95 | 15.20 | 3.22 | 14.71 | (24.00) | (12.94) | (15.53) | 1.58 | 7.85 |
| Return on Capital Employed % | **15.94** | 17.10 | 18.69 | 13.77 | (1.68) | (14.88) | (6.60) | (8.91) | 7.32 | 6.68 |

*Subject to declaration at the AGM
$Restated as per Ind As

TPL

**Board of Directors***

| | | |
|---|---|---|
| Ms. Kakarla Usha, I.A.S | DIN:07283218 | Chairperson |
| Mr. Ashwin C Muthiah | DIN:00255679 | Vice Chairman |
| Mr. Dhananjay N Mungale | DIN:00007563 | Independent Director |
| Ms. Sashikala Srikanth | DIN:01678374 | Independent Director |
| Dr. N Sundaradevan, I.A.S (Retd) | DIN:00223399 | Independent Director |
| Lt. Col. C S Shankar | DIN:08397818 | Independent Director |
| Mr. G D Sharma | DIN:08060285 | Independent Director |
| Mr. Debendranath Sarangi I.A.S (Retd) | DIN:01408349 | Independent Director |
| Dr. K P Karthikeyan, I.A.S | DIN:08218878 | Additional Director |
| Mr. D Senthikumar | DIN:00202578 | Whole Time Director (Operations) |
| Mr. KT Vijayagopal | DIN:02341353 | Whole Time Director (Finance) & CFO |

* As on 4th August 2020

**Company Secretary**
Ms. K Priya

**Registered Office & Factory**
Manali Express Highway
Manali, Chennai – 600 068
Tel: 044 25945588, Fax: 044 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",
Post Box No: 335,
No:861 Anna Salai,
Chennai – 600 002.

**Cost Auditor**
M. Krishnaswamy & Associates
Flat 1K, Ramaniyam Ganga
Door No: 27-30, First Avenue,
Ashok Nagar, Chennai – 600 083.

**Secretarial Auditor**
B Chandra
Company Secretaries,
AG3, Navin's Ragamalika,
No: 26 Kumaran Colony Main Road,
Vadapalani, Chennai – 600 026.

**Internal Auditors**
Sundar Srini & Sridhar
Chartered Accountants,
1st Floor, New No: 9 Rajamannar Street
T. Nagar, Chennai – 600 017

**Bankers**
IDBI Bank Ltd
State Bank of India
The Federal Bank Ltd
Union Bank of India

## Contents

TPL

# NOTICE FOR THE THIRTY FIFTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 35th Annual General Meeting (AGM) of the Company will be held at 2.00 PM. on Wednesday, the 9th September, 2020, through Video Conference ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS**

**1. To receive, consider and adopt the Financial Statements of the Company and other Reports for the year ended 31st March 2020 by passing the following as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to Section 129 and other applicable provisions, if any of the Companies Act, 2013, the Audited Standalone and Consolidated Financial Statements of the Company for the year ended 31st March 2020 and the Reports of Directors, Auditors and Secretarial Auditor thereon be and are hereby received, considered and adopted.

**2. To declare a dividend by passing the following as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to the recommendation of the Board of Directors, a dividend of ₹1.50 per equity share on 8,99,71,474 Equity Shares of ₹10/- each, absorbing ₹13,49,57,211 (Rupees Thirteen Crore Forty Nine lakh fifty Seven Thousand Two Hundred and Eleven only), subject to rounding off, is declared out of the profits for the year ended 31st March 2020 and the same be paid:

i. In respect of shares held in physical form, to those members whose names appear on the Register of Members on 9th September 2020 and

ii. In respect of shares held in electronic form, to those members whose names appear in the list of beneficial owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Depositories, as at the end of business hours on 3rd September 2020.

**3. To reappoint Mr. Ashwin C Muthiah, (DIN 00255679), Director who retires by rotation and being eligible offers himself for re-election, by passing the following as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, Mr. Ashwin C Muthiah, (DIN 00255679), a Director retiring by rotation being eligible and offering himself for re-election, is re-appointed as a Director of the Company, liable to retire by rotation.

**SPECIAL BUSINESS**

**4. To approve the appointment of Ms. Kakarla Usha, IAS, (DIN 07283218), as a Director of the Company by passing the following as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Ms. Kakarla Usha, IAS, (DIN 07283218), is appointed as a Director of the Company not liable to retire by rotation.

**5. To approve the appointment of Dr. K. P. Karthikeyan IAS, (DIN 08218878), as a Director of the Company by passing the following as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Dr. K. P. Karthikeyan IAS, (DIN 08218878), is appointed as a Director of the Company liable to retire by rotation.

6. **To ratify the remuneration to the Cost Auditors for the year 2019-20 by passing the following as an Ordinary Resolution:**

   **RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 and the Rules made thereunder, the remuneration of ₹2,50,000/- (Rupees two lakh fifty thousand only) to M/s. M. Krishnaswamy and Associates., Cost Accountants, Chennai for the year 2019-20 be and is hereby ratified.

7. **To approve the transactions with Manali Petrochemicals Limited by passing the following as an Ordinary Resolution:**

   **RESOLVED THAT** pursuant to Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, approval is accorded for the transactions with Manali Petrochemicals Limited during the year 2020-21 for purchase and sale of goods and services and other transactions for aggregate value upto ₹150 crore (Rupees one hundred fifty crore) plus applicable taxes.

**Regd. Office:**
Manali Express Highway
Manali,
Chennai-600 068
4th August 2020

By order of the Board
For **Tamilnadu Petroproducts Limited**

**K Priya**
**Company Secretary**

**IMPORTANT NOTES:**

**Statutory information:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 4th September 2020 to 9th September 2020 (both days inclusive) in connection with the Annual General Meeting (AGM) & payment of dividend.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), and disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 setting out details relating to Special Business of the meeting is annexed hereto.
3. Particulars of the Directors seeking reappointment at the Annual General Meeting are enclosed and form an integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointment.

**Meeting through Video Conferencing (VC) /Other Audio Visual Means (OAVM):**

4. Pursuant to the General Circular No. 20/2020 dated 5th May 2020 read with General Circulars No. 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020, Meeting will be held through Video Conferencing/ Other Audio Visual Means.
5. In terms of the above Circular, there is no provision for appointment of proxies for the meeting. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of bodies corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. For participating in the meeting through the VC/OAVM please see instructions in page no. 12.
7. Members desirous of speaking at the meeting may register through the web portal of the Registrar & Transfer Agent M/s. Cameo Corporate Services Limited through the following web-link: https://Investors.cameoindia.com
8. The above facility for participant registration will be open from 9:00 AM on 1st September 2020 to 5:00 PM on 5th September 2020. It may please be noted that there will be no option for spot registration and so only those shareholders who have registered through the above process will be able to speak at the meeting.
9. Members who do not wish to speak during the AGM but have queries may send their queries on or before 5th September 2020, mentioning their name, demat account number/folio number, E-mail id, mobile number at secy-legal@tnpetro.com. These queries will be replied to by the company suitably by email.

**Despatch of Annual Report and Notice of the meeting:**

10. Electronic copy of the Annual Report for the year 2019-20 and the Notice of the 35th AGM are being sent to all the members whose E-mail IDs are registered with the Company/Depository Participant(s) for communication purposes. Members may note that pursuant to the aforesaid Circulars there is no provision for providing printed copies of the Annual Reports.
11. Annual Report and the Notice of the AGM are available in the Company's website viz., www.tnpetro.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

**Facility for Remote E-voting and Voting during the meeting:**

12. Pursuant to Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 108 of the Companies Act 2013, and the relevant Rules, the Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) to facilitate the Members to exercise their right to vote at the Annual General Meeting by electronic means. The detailed process for participating in e-voting is furnished in the Annexure to the Notice in Page No. 10.
13. A person who has participated in e-voting is not debarred from participating in the meeting though he shall not be able to vote at the meeting again and his earlier vote cast electronically shall be treated as final. However, as per Rule 20 of the Companies (Management & Administration) Rules, 2014,

facility for voting shall also be made available at the meeting and Members who have not cast their vote by e-voting shall be able to exercise their right at the meeting.

**Payment of dividend and withholding tax thereon:**

14. The dividend for the year 2019-20 upon declaration at the AGM, would be paid on 4th October 2020, as below:
    a. In respect of Shares held in physical form to those Members whose names appear on the Register of Members on 9th September 2020 and
    b. In respect of Shares held in electronic form, to those Members whose names appear in the list of beneficial owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Depositories, as at the end of business hours on 3rd September 2020.
15. As per the Finance Act, 2020, dividend is taxable in the hands of the recipient. The Company is required to deduct tax at source from dividend. Accordingly dividend would be paid net of TDS @ 20% if the Member has not provided his/her valid PAN and @ 7.5% in other cases.
16. Tax Deduction would be PAN based and so in the case of multiple holding by the same first named person, the dividend would be aggregated for determining the TDS rate.
17. If the Member
    (a) is a resident individual and the amount of dividend does not exceed ₹5,000 or furnishes a declaration in Form 15G/15H, no such deduction will be made.
    (b) is a Non Resident or Foreign Institutional Investor or a Foreign Portfolio Investor, the tax deduction would be @ 20%
    (c) is other than (a) or (b) above, TDS would be deducted irrespective of the amount @ 7.50% or as the case maybe 20%, in the absence of a valid PAN.
    (d) in addition to the above surcharge and cess as applicable will be deducted.
18. Resident Individuals may submit their declarations through the Web-portal of the RTA https://Investors.cameoindia.com. It may please be noted that physical copies of the Forms will not be acceptable and so Members may provide the declaration only electronically. The facility for providing the declaration for Dividend 2019-20 will not be available after 16th September 2020 5:00 PM.
19. As per SEBI guidelines, dividend is to be paid through electronic mode into the bank account as per the details furnished by the depositories. In case electronic payment is not possible, the bank account details, if available will be printed on the warrant/other payment instrument. The Company is not permitted to entertain any direct request for deletion or change of such bank details.
20. Members may provide their bank account details through the Web-portal of the RTA https://Investors.cameoindia.com. Information provided after 16th September 2020 may not be considered by the RTA and warrants will be sent. Due to the current pandemic situation, there may be delays in receipt of the warrants by the shareholders.

**Unpaid/Unclaimed Dividend:**

21. As per Section 125 of the Act the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company has, accordingly, transferred ₹15,80,275/- being the unpaid and unclaimed dividend amount pertaining to the year 2011-12 to the IEPF on 5th November 2019. The details of such transfer are available in the website of the Company.
22. The details of unpaid dividend relating to the years 2017-18 as on 5th August 2019 being the date of the last AGM is available in the website of the Company www.tnpetro.com. The updated details of unpaid dividend as on the date of the ensuing AGM relating to the years 2017-18 and 2018-19 will be uploaded in the Website of the Company in due course.

23. Shareholders who are yet to encash their dividend warrants are requested to contact the Company or Cameo Corporate Services Limited, the Registrar at an early date and lodge their claims.
24. As per the extant law, shareholders are entitled to claim the unpaid dividends transferred to the IEPF for which they are required to submit the request online in Form IEPF–5. The procedure for making the claim is available in the website of the Company and also the IEPF.

**General:**

25. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and the holdings should be verified.
26. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA through the web-link: https://Investors.cameoindia.com
27. SEBI vide Circular dated 20-04-2018 has mandated the Company to collect copy of PAN and Bank account details from Members holding shares in physical form. Accordingly in July 2018 individual letters were sent to those shareholders whose PAN and Bank account details were not available with the Company followed by two reminders. In spite of this many shareholders have not come forward to provide the information. Such shareholders are requested to provide the information at the earliest to the Company/RTA. As per the Circular the shareholders who have not furnished the information have been placed under "enhanced watch" and so their requests will be processed subject to enhanced due diligence.
28. Pursuant to proviso to Regulation 40 (1) of the Listing Regulations, effective from 1st April 2019 transfer of securities other than transmission or transposition of names are not to be processed by the Company in physical form. So, shareholders desirous of transferring their shares are requested to dematerialize their shares.
29. Members may avail nomination facility in respect of their holdings. Those holding shares in physical form may download the form available in the website of the Company and submit the same to the RTA. Those holding shares in demat form may approach their DP for registering the nominations.

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## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("the Act")

The following statements sets out all material facts relating to the special business mentioned in the accompanying notice:

**Item No.4 & 5**

**Ms. Kakarla Usha, IAS, (DIN: 07283218)** Chairperson and Manging Director of Tamilnadu Industrial Development Corporation Limited (TIDCO) was appointed as an Additional Director of the Company at the Board Meeting held on 11th November, 2019 and she holds office till the ensuing AGM.

**Dr. K P Karthikeyan, IAS, (DIN: 08218878),** Executive Director of TIDCO was appointed as an Additional Director of the Company through a Circular Resolution effective from 5th March 2020 and he holds office till the ensuing AGM.

Proposals have been received from TIDCO for their appointment as Directors of the Company under Section 160 of the Act. Since the proposals have been recommended by the Nomination and Remuneration Committee, there is no requirement of any deposit for considering the same. Brief profiles of the appointees are given in the Annexure.

In terms of the Joint Venture Agreement entered between the promoters, TIDCO is entitled to have their nominees on the Board of TPL. Accordingly, the Board recommends the resolution for the consideration of the Members as an Ordinary resolutions.

Except the respective appointees being the nominees of TIDCO, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions.

**Item No. 6**

At the Board Meeting held on 31st July 2019, M/s. M. Krishnaswamy & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditor of the Company for the year 2019-2020 on a remuneration of ₹2,50,000/- [Rupees two lakh fifty thousand only] as recommended by the Audit Committee of the Company. As per Section 148 of the Act read with Companies (Audit and Auditors), Rules 2014, remuneration to the Cost Auditor as recommended by Audit Committee, and approved by the Board is to be ratified by the Members and hence the same is placed for consideration and approval at the AGM.

The Board recommends the resolution for approval of the Members as an ordinary resolution.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the above resolution.

**Item No. 7**

The Company has been having transactions with Manali Petrochemicals Limited (MPL) for more than 3 decades for purchase/sale of various goods/services. MPL is a major customer of TPL for its products such as Propylene Oxide, Chlorine, etc. and at times TPL also purchases materials from MPL. TPL and MPL are not related parties under the provisions of the Act. During the year 2017-18, TPL has been identified as a Related Party under the Ind AS- 24 and so the requirements relating to transactions with Related Parties under the Listing Regulations are to be complied with.

The total value of the transactions during the year 2020-21 is expected to be more than 10% of the consolidated turnover of TPL in the preceding year (FY 2019-20). So, the transactions would be deemed material in terms of the Policy of the Company read with Regulation 23 of the Listing Regulations. Pursuant to Regulation 23 (4) all material related party transactions shall require approval of the Shareholders through resolution without the participation of the related parties of the Company.

It is important to continue the transactions with MPL being a major customer of TPL for more than three decades. Also, the transactions have always been in the ordinary course of business and at arms' length. The Audit Committee of TPL has accorded prior approval for the said transactions. In the light of these, the Board recommends the resolution for consideration and approval of the Members as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Regd.Office:**
Manali Express Highway
Manali,
Chennai-600 068
4th August 2020

By order of the Board
For **Tamilnadu Petroproducts Limited**

**K Priya**
**Company Secretary**

TPL

**INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING :**

(i) The voting period begins at 9:00 AM on 6-09-2020 and ends on 8-09-2020 at 5:00 PM and during the date of the AGM until the conclusion of the AGM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 03-09-2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

| | For Shareholders holding shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is available in the e-mail forwarding the Annual Report. |
| Dividend Bank Details<br>OR<br>Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number as mentioned in instruction (v). |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for Tamilnadu Petroproducts Limited and you will be directed to the E-Voting screen.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer bchandraassociates@gmail.com or to the Company at the email address viz; secy-legal@tnpetro.com if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE RTA OR DEPOSITORIES MAY USE THE WEBLINK OF THE RTA https://Investors.cameoindia.com AND FOLLOW THE INSTRUCTIONS THEREIN.**

In case of any difficulty please contact the RTA. Upon registration of the E-mail ID as above, the RTA will provide the login credentials for the e-voting when the notice of the AGM is sent via email based on this registration.

## INSTRUCTIONS FOR SHAREHOLDERS TO ATTEND THE AGM THROUGH VC/OAVM

1. As mentioned earlier, the AGM will be held through Video Conferencing (VC) /Other Audio Visual Means (OAVM).
2. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. In other words, the window for joining the meeting would be available from 1:45 PM to 2:15 PM on the AGM day.
4. The facility of participation at the AGM through VC/OAVM will be made available to 1000 members on first come first served basis. This shall not apply to Shareholders holding 2% or more shares and other categories of persons mentioned in the relevant Circular.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience. Shareholders will be required to allow Camera option and use Internet with a good speed to avoid any disturbance during the meeting.
7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
8. Only those shareholders who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting. There is no provision for spot registration to speak at the meeting.
9. Shareholders are requested not to permit any other person to use their log-in credentials, as it would be a violation of the provisions of the Companies Act, 2013 and the Rules made there under.

## INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM

1. The procedure for e-Voting on the day of the AGM is same as mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their votes on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. E-voting facility during the meeting will be available from the beginning of the Meeting till 5 minutes after the close of the meeting. Shareholders may, at their option, vote at any time during this period. The voting facility will be closed thereafter.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43

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

**Dear Shareholders,**

Your Directors have pleasure in presenting the Thirty Fifth Annual Report together with the Audited Financial Statements for the year ended 31st March 2020. 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.

## FINANCIAL RESULTS

The summary of the financial results for the year under review is provided below.

(₹ In crore)

| **Description** | **2019- 20** | 2018- 19 |
|---|---|---|
| Earnings Before Interest, Depreciation and Tax | **101.47** | 98.53 |
| Interest | **9.39** | 6.85 |
| Depreciation | **21.55** | 20.00 |
| **Profit Before Tax** | **70.53** | 71.68 |
| Tax expenses | **15.45** | 17.41 |
| **Profit After Tax** | **55.08** | 54.27 |

## HIGHLIGHTS OF OPERATIONS

During the year under review, revenue from operations was ₹1,224.97 crore Vis a Vis ₹1,245.33 crore in the previous year. During the last quarter of the year under review LAB Plant was shut down for turnaround maintenance for 26 days. Further all the Plants were shutdown due to Covid-19 Pandemic lock down effective 25th March 2020 and operations were restarted in a phased manner from the second week of April 2020 following government guidelines in force.

Your Company completed the Normal Paraffin revamp project in March 2020 increasing the annual production capacity from 70000 MT to 90000 MT. Additionally LNG interface has been commissioned for all manufacturing units replacing fuel oil, thus improving the environmental quality.

## FINANCIAL REVIEW

In spite of a marginal reduction in the turnover, Profit After Tax increased by 1.5% over the previous year. Linear Alkyl Benzene (LAB) product continued to be the main contributor for the sales and contributions. Your Company continued its policy of prudent inventory management, ensuring growth in margins, in spite of volatility in the crude prices. During the year under review a capital expenditure of ₹82 crore was incurred mainly towards Normal Paraffin revamp project and upgradation of certain critical equipments. These were funded through internal accruals and the Company continues to be debt free.

The finance cost during the year was ₹9.39 crore against ₹6.85 crore in the preceding year. This is due to increased utilisation of working capital facility compared to the previous year. Additionally, the internal accruals were utilised for funding the capex projects during the year.

Your Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) ordinance 2019. Accordingly the provision for Income tax for the year is as per rate prescribed in the said section.

CRISIL the credit rating agency has reaffirmed your Company's credit rating as CRISIL BBB+ (plus) with outlook stable for long-term bank facilities upto ₹56 crore and upgraded to CRISIL A2 from CARE A3+ for short-term bank facilities upto ₹63 crore due to the sustained performance of the Company.

## DIVIDEND

Your Directors are pleased to recommend a higher dividend of 15% for the year 2019-20 i.e. ₹1.50 per equity share of ₹10/- each fully paid up, aggregating to ₹13.50 crore. It may be noted that the dividend was doubled in the previous year and now increased by a further 50%.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

**Linear Alkyl Benzene (LAB),** also known as detergent alkylate, belongs to the family of organic compounds. LAB is used as a chemical intermediate to form Linear Alkyl Benzene Sulfonate (LAS), which is used as surfactant in detergents and cleaning products. LAB is a compound that has significant commercial importance produced from various petroleum derivatives with a good demand from the detergent industry having its end use for heavy duty laundry liquids, light duty dishwashing liquids, and laundry powders, industrial and household cleaners. LAB also has a very minor presence in a few other applications like emulsions polymerisation, wetting agents, ink solvents, cable oil, etc.

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

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

Worldwide, more than 95% of all the LAB manufacturers including TPL, have adopted the UOP Technology, which is considered as superior and the most cost-effective technology than the only other chlorination technology. In spite of this, in India, due to high cost of key inputs and feedstock quality, the cost of production of LAB is relatively higher than the international standards.

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

**Caustic Soda,** a most commonly used industrial chemical, finds wide applications in textile, pulp and paper, aluminum, soap and detergents industries. The annual increase in demand for the product is expected to be around 5%. In spite of power intensive process, the national level capacity utilisation is about 85% of the aggregate capacity of around 4.0 million tons. During the year under review, caustic imports went up by 63% compared to the previous year. It may be relevant to note that these products entering the domestic market were mandated to obtain BIS certification in India in the year 2018. Pending such certification, imports into India were moderated during the period up to the first half of 2019. Subsequently, the overseas sellers from countries like China, Korea, Japan and Qatar obtained the certificates leading the surge in imports during the second half of the year under review. Also, these suppliers adopted membrane technology, which improved their output, paving way for dumping of the material at low cost.

**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 utilisation projects are major impediments for disposal of Chlorine which in turn restricts the caustic production.

**Propylene Oxide** is an organic, volatile, flammable, colorless liquid compound which is soluble in both ether and alcohol. It is mainly used as the feedstock for various derivative products such as propylene glycol, polyols and other industrial intermediates. It is a chiral epoxide, although it is commonly used as a mixture. The major consumers of the derivatives of PO are in the field of automobile, domestic home appliances and industrial insulation. Among this, automobile sector is the major consumer which had been affected by the slowdown witnessed in the country's economy since beginning of the financial year, further compounded by the Covid-19 pandemic.

## OPPORTUNITIES AND THREATS

Growing preference for bio-based surfactants, awareness pertaining to hygiene are set to boost the demand for detergents & cleaners and thus positively impact the Linear Alkyl Benzene market for surfactant application. Rapid industrialisation and urbanisation due to increasing population are also expected to contribute to the market growth. The global market for Linear Alkyl Benzene is lucrative and is expected to witness a steady growth owing to the expansion, collaborations or partnerships strategies adopted by key players. The spurt in demand for sanitizers due to the present pandemic situation, has further improved the scope for LAB use.

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 maximise 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 as a major percentage of production is likely to flow into India. 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 urbanisation and larger spending on personal effects, the market for Caustic Soda is expected to grow further.

During the year under review, the import volume went up sharply, resulting in lower price realization.

Conversion of the erstwhile ECH facility into Propylene oxide (PO) manufacturing facility. has proved to be gainful in many ways – besides beneficial use of a defunct facility, a new avenue has been opened up for advantageous use of Chlorine which in turn has paved way for higher capacity utilisation of the Chlor Alkaline Division. The process is water intensive and the earlier threat of water shortage in Chennai due to failure of monsoon has been overcome as a result of Tertiary Treatment Reverse Osmosis plant (TTRO) facility setup by Tamil Nadu government.

## OUTLOOK

### LAB

Improved awareness about hygiene and the focus on cleanliness during the past few years has improved the demand for surfactants and detergents. The trend is expected to continue in the coming years as the government's attention in the interim budget for FY 2020-21 has been more on the rural economy and improving the economic condition of the agricultural sector. As stated earlier, the COVID - 19 pandemic has increased the usage of sanitizers, disinfectants, soaps and detergents and all manufacturers are maximising purchase of LAB.

Despite stiff competition from overseas suppliers, TPL continues to sustain its position as a major player in the LAB market. TPL over the past three decades has established itself as a reliable supplier of LAB to major companies. TPL has been able to sustain its market share across India with a dominant presence in the southern part of India.

With the demand for LAB looking up, options to further increase the existing capacity and/ or setting up new facilities in other locations including overseas are also being explored.

The continuing of Anti-Dumping Duty (ADD) on LAB from specific Countries has not made any big impact in the LAB price. The import from Saudi Arabia continues to be an area of concern though it is not expected to have any significant impact in South India where your Company is the market leader.

### CAUSTIC SODA /CHLOR ALKALI

Sustenance and growth of the Caustic Soda business depends on the opportunities for Chlorine disposal and perhaps more by producers cutting back production. Merchant caustic prices will only improve on prudent material balance, which can shore-up prices, reduce dumping by importers at cheap price levels. Presently there is no anti-dumping duty for caustic soda coming into India. The import of Caustic Soda into India is expected to be high in the medium to long term.

Though your Company would be insulated to some extent due to opportunities for easy disposal of chlorine in-house as well as to a neighboring company, the concern continues to be the pressure on the domestic caustic soda prices and the product being sold by your Company at unaffordable prices which would seriously impact the division's operations.

### PROPYLENE OXIDE

The much awaited conversion of our erstwhile ECH facility to produce Propylene Oxide was completed in the year 2018 -19 with arrangements for sale of the entire production. The new PO Plant has provided an additional opportunity to your Company to dispose of Chlorine more beneficially providing scope for higher caustic production. While there would be no problem in sale of the product, as mentioned earlier achieving higher production is dependent on turnaround of the end users of the PO derivatives such as automobile sector, from the slump witnessed in the recent past further aggravated by the pandemic situation.

## RISK MANAGEMENT PROCESS

Your 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 has senior personnel from each function and the Apex Committee is headed by the WTD (Operations) with functional heads as other Members.

As part of the risk mitigation process, the Board has constituted a Risk Management Committee of Directors, which comprises of Ms. Sashikala Srikanth as the Chairperson, Dr. K.P. Karthikeyan, IAS (from 05/03/2020) and Mr. D Senthikumar, as Members. During the year the Committee met four times viz. 21st May 2019, 31st July 2019, 11th November 2019 and 10th February 2020. Ms. Sashikala Srikanth and Mr. D Senthikumar attended all the Meetings. Dr. Aneesh Sekhar. S, IAS who was a Member from 05/04/2019 to 18/11/2019 could not attend any of the meetings. As required under Section 177 of the Act, the Audit Committee also reviews the risk management process periodically.

## RISKS AND CONCERNS

As explained earlier, import of LAB, Caustic Soda and Chlorine (in indirect form) into the country continues to be the major risk faced by TPL. Though your Company, together with other major domestic producers of LAB, got Anti-Dumping Duty levied on supplies from select countries, this has had no impact as the overseas suppliers bear the cost in the form of additional discount or supply at adjusted prices.

A large LAB manufacturing unit with annual capacity of 1.20 lakh tons is coming up in Saudi Arabia which is expected to be on stream in the year 2020, and market seeding has already commenced for the same. This is expected to further intensify the competition in the domestic market. Your Company is looking at mitigating this risk through additional contract volumes with large buyers of LAB.

In the recent past Caustic imports have gone up due to importers complying with the new certification requirements. Since import in large volumes would affect product pricing, tackling the risk of lower margins would be an important issue to be resolved.

In order to overcome the above, your Company is focusing on higher production and productivity so that the per unit cost is under control, providing flexibility in product pricing. Further the dependency on spot markets is also being reduced so that committed volumes are in place.

Your Company continues to carry out risk assessment and related mitigations for the hazardous chemicals used in the Plants utilising the services of technical consultants. Adequate measures are put in place to tackle this risk as recommended.

Petitions have been filed before the National Green Tribunal against the marine disposal of the treated effluent, which are defended by your Company. It may be noted that your Company is complying with all the parameters fixed for such disposal and so is confident of facing the challenges in this regard. Further, as a sequel to a suo moto order of the Principal Bench of the National Green Tribunal, the TNPCB has demanded payment of ₹2 crore as interim environment compensation which is being contested by the Company on the ground that all the norms prescribed for effluent discharge and emissions have been duly complied with by the Company.

## SAFETY, HEALTH & ENVIRONMENT

Adequate safety standards have been prescribed and being followed without any compromise. Utmost importance is given to protection of the employees, assets and environment at all times.

TPL plants are accredited with International Organization for Standardization (ISO) certificates for Occupational Health & Safety Management System (ISO 45001) and Environmental Management System (ISO 14001) and Quality Management System (ISO 9001) for PO plant.

Your Company has received Occupational Safety, Heath & Environment Appreciation Awards for LAB plant for the year 2018 and 2019 from National Safety Council TN Chapter and National Safety Council, India respectively during January 2020.

In September 2019, State Safety Awards for the year 2014 & 2015 were received from Directorate of Industrial Health, Govt of Tamilnadu for the HCD plant.

National Safety Day was celebrated for a month with the same spirit, in spite of the Covid19 onslaught. As part of this various competitions were conducted for employees and personnel of the service providers to reiterate our commitment towards safety.

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 one Step Down Subsidiary (SDS), both of which are incorporated outside India. The financials of 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. Another step-down subsidiary Proteus Petrochemicals Private Ltd, Singapore, was closed through the voluntary strike off process in January 2020.

### Certus Investment and Trading Limited

Certus Investment and Trading Limited (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. Since your Company has enhanced the NP capacity to meet the entire requirement in-house, there may not be scope for taking up NP project. However, it is being explored if proposals for setting up or acquiring LAB Plants overseas could be taken up for supplies to the units of the existing MNC majors to whom your Company is supplying LAB in India.

### Certus Investment and Trading (S) 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 SDS is not engaged in any activities.

As explained above, the subsidiaries were floated several years ago for specific purposes. Due to change in circumstances and also opportunities opening up in India, it is being examined if other opportunities would be available for the subsidiaries. A decision on the usefulness of these subsidiaries would be taken in due course, after judiciously reviewing the situation.

## HUMAN RESOURCES

Your Company strongly believes that its strength is directly proportional to the strength of its employees in terms of knowledge, experience, and decision-making skills. Your Company has been practising various HR initiatives such as recognition, empowerment, personality development, decentralisation, delegation of powers etc., to retain talent and to enhance capabilities. A balanced staffing system has been adopted in your Company wherein competent fresh talent 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 2020 was 428

## BOARD OF DIRECTORS AND RELATED DISCLOSURES

As on the date of this Report the Board comprises of eleven Directors of whom six are independent, including a woman director. All Independent Directors of the Company have given declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

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/.

There has been no change in the Key Managerial Personnel since the last Annual General Meeting.

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

- Mr. Ramesh Chand Meena, IAS (DIN: 08009394) Dr. Aneesh Sekhar. S, IAS, (DIN: 07887010) and Mr. N Muruganandam, IAS, (DIN: 00540135) nominees of TIDCO resigned effective from 14th October 2019, 18th November, 2019 and 19th March, 2020 respectively and Board places on record its appreciation for their services during their tenure.
- Ms. Kakarla Usha, IAS, (DIN: 07283218) and Dr. K P Karthikeyan, IAS, (DIN: 08218878), nominees of TIDCO have been appointed as Additional Directors effective 27th November, 2019 and 5th March, 2020 and they hold office till the ensuing AGM. Ms. Kakarla Usha has also been elected as the Chairperson of the Board at the meeting held on 15th June 2020.

The appointment of Ms. Kakarla Usha, IAS and Dr. K P Karthikeyan, IAS as Directors at the ensuing AGM under Section 160 of the Act has been duly proposed by TIDCO and recommended by the Nomination and Remuneration Committee. Therefore, pursuant to the proviso to Section 160(1) there is no requirement of any deposit for the proposals relating to their appointment.

Mr. Ashwin C Muthiah, Vice Chairman and Director (DIN: 00255679) retires by rotation and being eligible offers himself for reappointment.

## 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 and Ethics and other matters. Board also took into account facilitation to the Independent Directors to function independently and perform their roles as another important parameter for evaluation.

The performance of each of the Committees was evaluated taking into account the composition, mandate, working procedures, effectiveness, independence and contribution to the Board in the decision-making process.

The evaluation of the two Executive Directors was done 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 for the meetings, ability to work as a team player and voluntary sharing of information for the larger benefit of the Company and the like.

A separate meeting of the Independent Directors scheduled to be held on 23rd March 2020 could not take place due to the lockdown announced by Government on account of COVID-19 pandemic.

## 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 2020, 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, 2020 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. At the thirty fourth AGM, the Members approved the Audit Committee's recommendation of remuneration to the Statutory Auditors as ₹30 lakh plus reimbursement of out of pocket expenses and applicable taxes for the audit of the accounts and all other related services for each year until end of their present term.

## 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 contains a mention about the Company's view on transfer of shares to IEPF Authority under Section 124 of the Act. Your Company has been advised that the transfer of shares to the IEPF Authority is required consequent to non-payment/non-claiming of dividend in terms of Section 124(6) for a consecutive period of seven years or more and so there necessarily has to be declaration of dividend, in the first instance and also that there has to be 7 such consecutive instances. In the case of TPL, there has been no consecutive declaration/payment of dividend for seven years and hence it has been viewed that the requirements of Section 124 (6) are not applicable to your Company. The legal opinion has however pointed out that the Circulars issued by the Ministry of Corporate Affairs have created certain ambiguity in the matter. Though the Circulars have to be read in a manner that sub-serves the statutory provision, and cannot override or dilute the same, your Company was advised to seek clarification from the IEPF and take further action based on its directions. Accordingly, clarification has been sought from the Authority in this regard, and the reply is awaited. Further actions in the matter, if any would be taken based on the response to the above query.

Your Company has complied with the requirements of all the applicable Secretarial Standards.

## MAINTENANCE OF COST RECORDS & COST AUDIT

Your Company is required to maintain cost records as specified by the Central Government under Section 148 (1) of the Act which is duly complied with by your Company. Your Company is also covered under Cost Audit.

M/s. M. Krishnaswamy & Associates, Cost Accountants, have been appointed as the Cost Auditors of the Company for conducting the audit of cost records for the financial year 2019-2020 on a remuneration of ₹2.50 lakh plus applicable taxes and reimbursement of out of pocket expenses and they will hold office till submission of their Report or 30th September 2020, 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 2019-20 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 are 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** and form part of this Report.

## OTHER INFORMATION

### Details of Significant Changes in Key Financial Ratios:

There are no significant changes in Key Financial Ratios.

### Details of change in Return on Net Worth:

Return on Net worth was 14% for 2018-19 and 13% for 2019-2020.

### Details of Loans, guarantees or investments

Information on loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the Notes to Financial Statements.

### Fixed Deposits

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

### 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/.

As required under Regulation 23(2) of the Listing Regulations, approval of the Members was obtained for transactions with Manali Petrochemicals Limited during the year 2019-20. Proposal seeking approval for transactions during the year 2020-21 will be considered at the ensuing AGM.

### 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, your 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.

### Extract of Annual Return

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

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

Your Company has constituted internal complaints Committees under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no cases filed pursuant to 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 is as per the remuneration policy of the Company.

### CSR Policy and related Disclosures

The brief outline of CSR policy of your 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** | **KT Vijayagopal** |
| 4th August 2020 | DIN: 00202578 | DIN: 02341353 |
| Chennai – 600 068 | Wholetime Director (Operations) | Wholetime Director (Finance) & CFO |

TPL

# 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 2020.

## 2. Board of Directors:

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

As on 31st March 2020, the Board comprised of eleven Directors as detailed below:

| Category/Name | Other Listed Companies of which he / she is a Director and category | Other Memberships | |
|---|---|---|---|
| | | Boards | Committees |
| **Non Executive, Non Independent (NENI)** | | | |
| Ms. Kakarla Usha IAS<br>Chairperson<br>(Nominee of TIDCO) | Titan Company Limited (NENI) | 9(2) | 2 |
| Mr. Ashwin C Muthiah<br>Vice Chairman<br>(Nominee of SPIC) | Southern Petrochemical Industries Corporation Limited<br>Manali Petrochemicals Limited and<br>SICAGEN India Limited (All NENI) | 3(3) | 1(1) |
| Dr. K. P. Karthikeyan IAS<br>(Nominee of TIDCO) | Manali Petrochemicals Limited<br>Southern Petrochemical Industries Corporation Limited (All NENI) | 7(1) | 2 |
| **Non Executive, Independent (NEID)** | | | |
| Mr. Dhananjay N Mungale | Mahindra CIE Automotive Limited,<br>Mahindra and Mahindra Financial Services Limited, NOCIL Limited (All NEID) | 5(1) | 6(2) |
| Ms. Sashikala Srikanth | Southern Petrochemical Industries Corporation Limited<br>Manali Petrochemicals Limited,<br>Mercantile Ventures Limited,<br>SICAGEN India Limited (All NEID) | 6 | 7(3) |
| Dr. N. Sundaradevan IAS, (Retd.) | Manali Petrochemicals Limited (NEID) | 6 | 3 (1) |
| Lt. Col. C S Shankar | Manali Petrochemicals Limited (NEID) | 1 | - |
| Mr. G D Sharma | Manali Petrochemicals Limited (NEID) | 1 | 2 |
| Mr. Debendranath Sarangi, IAS, (Retd.) | Voltas Limited,<br>Shriram City Union Finance Limited,<br>Southern Petrochemical Industries Corporation Limited (All NEID) | 5 | 3 |

| Category/Name | Other Listed Companies of which he / she is a Director and category | Other Memberships | |
|---|---|---|---|
| | | Boards | Committees |
| **Executive, Non Independent (ENID)** | | | |
| Mr. D Senthikumar,<br>Wholetime Director (Operations)<br>(Nominee of SPIC) | - | - | - |
| Mr. KT Vijayagopal,<br>Wholetime Director (Finance) & CFO<br>(Nominee of SPIC) | - | - | - |

Notes:

(a) Other Directorships exclude foreign companies/their Indian subsidiaries, private limited companies, Section 8 companies and alternate directorships as on 31st March 2020.

(b) Only Membership in Audit Committees and Stakeholder's Relationship Committee (other than in TPL) are reckoned for Other Board Committee Memberships in Companies other than (a) above. Figures in brackets denote the number of companies / committees of listed and unlisted public companies in which the Director is the Chairperson.

(c) Mr. KT Vijayagopal holds 200 equity shares in the Company. None of the other directors hold any shares in the Company.

(d) None of the Directors have any inter-se relationship

(e) The details of familiarisation programmes imparted to the Independent Directors are disclosed in the website of the Company at (http://tnpetro.com/corporate-governance-policies/).

(f) 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 2019-20 viz., on 21st May 2019, 31st July 2019, 11th November 2019, and 10th February 2020.

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. N Muruganandam, IAS | From 25/03/2019 Upto 19/03/2020 | 4 | - | No |
| Mr. Ashwin C Muthiah | Full Year | 4 | 4 | Yes |
| Mr. Ramesh Chand Meena, IAS | Upto 14/10/2019 | 2 | 1 | Yes |
| Ms. Kakarla Usha, IAS | From 27/11/2019 | 1 | 1 | NA |
| Dr. Aneesh Sekhar. S, IAS | From 05/04/2019 Upto 18/11/2019 | 3 | - | No |
| Mr. Dhananjay N Mungale | Full Year | 4 | 4 | Yes |
| Ms. Sashikala Srikanth | Full Year | 4 | 4 | Yes |
| Dr. N Sundaradevan, IAS, (Retd.) | Full Year | 4 | 4 | Yes |
| Lt. Col. C. S. Shankar | Full Year | 4 | 4 | Yes |
| Mr. G D Sharma | Full Year | 4 | 4 | Yes |
| Mr. Debendranath Sarangi, IAS, (Retd.) | Full Year | 4 | 4 | Yes |
| Dr. K.P. Karthikeyan, IAS | From 05/03/2020 | - | - | NA |
| Mr. KT Vijayagopal | Full Year | 4 | 4 | Yes |
| Mr. D Senthikumar | Full Year | 4 | 4 | Yes |

NA – Not applicable, as he/she was not a Director of the Company on the date of the last AGM

## (iii) Chart of Skills / Expertise / Competencies of the Board:

| Major Classification | Sub Classification | Remarks | Directors having the skills |
|---|---|---|---|
| **Industry** | Specific Skills | Good knowledge about the Petrochemicals business and industry and the issues specific to the Company. | Mr. Ashwin C. Muthiah<br>Lt. Col. C S Shankar<br>Mr. D Senthikumar<br>Mr. KT Vijayagopal |
| | Technical | Technical / professional skills and specialist knowledge about the Company, its market, process, operations, etc. (For Executive Directors) | Mr. D Senthikumar<br>Mr. KT Vijayagopal |
| **Strategy & Policy** | Strategy | Ability to identify and critically assess strategic opportunities and threats to the business. Guiding development of strategies to achieve the overall goals | Mr. Ashwin C. Muthiah<br>Mr. D Senthikumar<br>Mr. KT Vijayagopal |
| | Policies | Guidance for development of policies and other parameters within which the Company should operate for better control and management | Mr. Dhananjay N Mungale<br>Ms. Sashikala Srikanth<br>Mr. G D Sharma<br>Dr. N Sundaradevan<br>Mr. Debendranath Sarangi<br>Lt. Col. C S Shankar |
| | Crisis Management | Ability to guide crisis management and provide leadership in hours of need. | Mr. Ashwin C. Muthiah<br>Mr. D Senthikumar<br>Mr. KT Vijayagopal |
| **Risk & Compliance** | Operational | Identification of risks related to each area of operation | Mr. D Senthikumar<br>Lt. Col. C S Shankar |
| | Legal | Monitor the risks and compliances and knowledge of regulatory requirements | Ms. Sashikala Srikanth<br>Ms. Kakarla Usha<br>Mr. G D Sharma<br>Dr. N Sundaradevan<br>Mr. Debendranath Sarangi<br>Mr. Dhananjay N Mungale |
| | Financial | Experience in accounting and finance, ability to analyse the financial statements presented, assess the viability of various financial proposals, oversee funding arrangements and budgets | Mr. Dhananjay N Mungale<br>Ms. Sashikala Srikanth<br>Mr. KT Vijayagopal |
| **Management & Leadership** | Executive Management and Leadership | Handling senior management and monitoring its performance, strategic human resources planning. Experience in industrial relations and organisational change management programmes. | Ms. Kakarla Usha<br>Mr. Ashwin C Muthiah<br>Mr. G D Sharma<br>Mr. D Senthikumar<br>Mr. KT Vijayagopal |
| | | Make decisions and take necessary actions for implementation thereof in the best interest of the organisation. Analyse issues and contribute at board level to solutions | |

| Major Classification | Sub Classification | Remarks | Directors having the skills |
|---|---|---|---|
| **Board Conduct** | Contribution | Participate actively in the matters discussed and contribute effectively at the meetings. Help in arriving at unanimous decisions in the event of difference of opinions. | All the Directors |
| **Personal** | Qualification | Having formal education and well qualified to possess the skills and competencies outlined above. | All the Directors |
| | Experience | Previous experience in Board or senior management positions in reputed companies/ organisations/ government. | |
| | Diversity | Optimum combination - Gender, ethnic, age, etc. and presence adding value to the Board's stature. | |
| | Interpersonal Skills | Must work well in a group, listen well and communicate their point of view frankly but tactfully. | |
| | Interest in the Company | Shall be sincere and evince genuine interest in the affairs of the Company | |
| | Instinct | Shall have good business instincts and acumen, and ability to get to the crux of the issue quickly. A degree of intuition would also be good. | |
| | Ethics and integrity | Be ethical and maintain integrity at any cost. Adhere to the Codes of Conduct in letter and spirit. In the event of conflict of interest, prioritise the Company | |

- ✓ The Skills Matrix stated above are the broader skills, competencies and experience which, in the opinion of the Directors are required for the proper functioning of the Board of TPL.
- ✓ The above Skills Matrix sets out the mix of skills and diversity that the Board currently has or is looking to achieve.
- ✓ These skills are expected of the Directors as a Group and it is not a requirement that each Director should present all of the skills and experience listed. In other words, it would be sufficient if the Board collectively present all of the skills and experience listed in the Board Skills Matrix.
- ✓ To ensure that the Directors for the time being as a Group provide the skills and experience required by the Board Skills Matrix, each Director's skills and experience will be assessed from time to time.
- ✓ Gaps, if any identified by such assessment would be considered when filling any vacancies or appointing any additional Director to the Board
- ✓ The Skills Matrix would be reviewed periodically and changes made as deemed appropriate by the Board arising out of regulatory changes or otherwise.

**(iv) Confirmation on Independent Directors**

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Listing Regulations), and are independent of the Management.

## 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 Listing Regulations).

**(ii) Composition, Meetings and Attendance**

The Committee met four times during the year 2019-2020 viz., on 21st May 2019, 31st July 2019, 11th November 2019 and 10th February 2020. 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 | No. of Meetings during the period of his / her office | |
|---|---|---|
| | Held | Attended |
| Ms. Sashikala Srikanth | 4 | 4 |
| Mr. Dhananjay N Mungale | 4 | 4 |
| Mr. G D Sharma | 4 | 4 |
| Mr. Ramesh Chand Meena, IAS (Upto 14/10/2019) | 2 | - |
| Ms. Kakarla Usha, IAS # (from 10/02/2020) | - | - |

# Inducted as a members of the Committee at the Board meeting held after the meeting of the Audit Committee held on 10/02/2020.

## 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 (NRC) 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 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 four times during the year 2019-20 viz., on 21st May 2019, 31st July 2019, 11th November 2019 and 10th February 2020. 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 | No. of Meetings during the period of his office | |
|---|---|---|
| | Held | Attended |
| Mr. G D Sharma | 4 | 4 |
| Mr. Ashwin C Muthiah | 4 | 4 |
| Dr. Aneesh Sekhar. S, IAS (Resigned on 18/11/2019) | 3 | - |
| Lt. Col. C S Shankar | 4 | 4 |
| Dr. K. P. Karthikeyan IAS (from 05/03/2020) | - | - |

**(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**

**(a) 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:

**i. 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.

**ii. 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.

**(b) None of the Non-Executive Directors had any pecuniary relationship with the Company other than receipt of sitting fees.**

**(c) Details of Remuneration paid to Executive Directors**

**i) Remuneration paid to Executive Directors for the year 2019-2020 are as shown below:**

₹ in lakh

| Sl No | Description | Mr. D Senthikumar Wholetime Director (Operations) | Mr. KT Vijayagopal Wholetime Director (Finance) & CFO |
|---|---|---|---|
| 01 | Salary & Allowances | 51.22 | 51.22 |
| 02 | Performance Linked Pay | 18.75 | 18.75 |
| 03 | Perquisites | 0.61 | 0.61 |
| | **Total** | **70.58** | **70.58** |

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 approved by the Board, 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.

**ii) Remuneration paid to Non-Executive Directors:**

During the year, a total of ₹30 lakh was paid as sitting fees to the non-executive directors of which ₹2 lakh was to TIDCO for the meetings attended by their nominees. All the other non-executive directors, viz., Mr. Ashwin C Muthiah, Mr. Dhananjay N Mungale, Ms. Sashikala Srikanth, Mr. G D Sharma, Dr. N Sundaradevan, IAS, Mr. Debendranath Sarangi, IAS and Ltd. Col. C S Shankar directors were paid ₹4 lakh each as sitting fee.

## 6. Stakeholder's Relationship Committee

**i. Chairman and Compliance Officer**

As on 31st March 2020, the Committee comprised of Mr. Ashwin C Muthiah as the Chairman and Dr. Aneesh Sekhar. S, IAS, (Upto 18/11/2019), Mr. G.D. Sharma, Dr. K.P. Karthikeyan (from 05/03/2020) Mr. D Senthi Kumar as Members. Ms. K Priya Company Secretary is the Compliance Officer. The Committee met four times during the year 2019-2020 viz., on

21st May 2019, 31st July 2019, 11th November 2019 and 10th February 2020 and the details of the attendance of Members are as follows:

| Name | No. of Meetings during the period of his office | |
|---|---|---|
| | Held | Attended |
| Mr. Ashwin C Muthiah | 4 | 4 |
| Dr. Aneesh Sekhar. S, IAS(Resigned on 18/11/2019) | 3 | - |
| Mr. G. D. Sharma | 4 | 4 |
| Dr. K.P. Karthikeyan, IAS (From 05/03/2020) | - | - |
| Mr. D. Senthikumar | 4 | 4 |

**ii. Details of Complaints received and pending**

There were no pending complaints as at the beginning or end of the year. All the 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 which were held at Tamil Isai Sangam, Raja Annamalai Hall, Esplanade, Chennai – 600 108 during the last three years and the Special Resolutions passed are as under:

| Year | Date | Time | Special Resolutions considered thereat |
|---|---|---|---|
| 2017 | 24.07.2017 | 10.30 AM | No Special Resolutions were passed |
| 2018 | 07.08.2018 | 11.00 AM | Approval for the increase in the remuneration to Mr. D Senthikumar, Wholetime Director (Operations) |
| 2019 | 05.08.2019 | 3.00 PM | 1) Appointment of Mr. Dhananjay Mungale, as an Independent Director for second term for a further period of 5 years from 27.05.2019 to 26.05.2024.<br>2) Appointment of Ms. Sashikala Srikanth, as an Independent Director for second term for a further period of 5 years from 12.08.2019 to 11.08.2024<br>3) Reappointment of Mr. D Senthikumar, as Wholetime Director (Operations) of the Company for a period of three years from 19.02.2019 to 18.02.2022 and payment of Remuneration.<br>4) Appointment of Mr. KT Vijayagopal, as Wholetime Director (Finance) & CFO of the Company for a period of three years from 12.02.2019 to 11.02.2022 and payment of Remuneration. |

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

## 8. 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:

a) 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).

b) 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.

## 9. General Shareholder Information

### i Annual General Meeting

The thirty fifth AGM of the Company is scheduled to be held on Wednesday, 9th September 2020 at 2.00 PM through Video Conference.

### ii Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed from 4th September 2020 to 9th September 2020 (both the days inclusive).

### iii 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.

### iv 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 Wholetime Director and Company Secretary and the details are placed before the Stakeholder Relationship Committee and the Board.

Pursuant to proviso to Regulation 40 (1) of the Regulations, effective from 1st April 2019 transfer of securities other than transmission or transposition of names would not be processed by the Company in physical form.

### v Listing of Securities (Equity Shares):

| Name and Address of Stock Exchange | Stock Code |
|---|---|
| The BSE Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 | 500777 |
| National Stock Exchange of India Ltd (NSE)<br>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 2020-21.

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## vi 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 – 19 | 40.50 | 34.10 | 39,487.45 | 38,460.25 | 40.50 | 34.25 | 11,856.15 | 11,549.10 |
| May – 19 | 40.60 | 34.40 | 40,124.96 | 36,956.10 | 40.60 | 34.35 | 12,041.15 | 11,108.30 |
| Jun – 19 | 38.05 | 33.20 | 40,312.07 | 38,870.96 | 38.50 | 33.30 | 12,095.20 | 11,625.10 |
| July – 19 | 36.15 | 31.90 | 40,032.41 | 37,128.26 | 36.35 | 31.85 | 11,981.75 | 10,999.40 |
| Aug – 19 | 35.75 | 28.90 | 37,807.55 | 36,102.35 | 35.80 | 28.75 | 11,181.45 | 10,637.15 |
| Sep – 19 | 39.55 | 31.00 | 39,441.12 | 35,987.80 | 39.45 | 30.50 | 11,694.85 | 10,670.25 |
| Oct – 19 | 38.90 | 32.00 | 40,392.22 | 37,415.83 | 38.70 | 33.75 | 11,945.00 | 11,090.15 |
| Nov – 19 | 39.00 | 34.85 | 41,163.79 | 40,014.23 | 38.90 | 34.80 | 12,158.80 | 11,802.65 |
| Dec – 19 | 38.25 | 33.45 | 41,809.96 | 40,135.37 | 38.40 | 33.40 | 12,293.90 | 11,832.30 |
| Jan – 20 | 48.00 | 36.75 | 42,273.87 | 40,476.55 | 48.00 | 36.30 | 12,430.50 | 11,929.60 |
| Feb – 20 | 40.85 | 32.00 | 41,709.30 | 38,219.97 | 40.95 | 33.20 | 12,246.70 | 1,175.05 |
| Mar - 20 | 34.85 | 18.55 | 39,083.17 | 25,638.90 | 34.85 | 18.65 | 11,433.00 | 7,511.10 |

## vii Distribution of Shareholding as on 31st March 2020

| Category (No. of Shares) | No. of Shareholders | Percentage | No. of Shares | Percentage |
|---|---|---|---|---|
| 1 - 500 | 69630 | 89.39 | 10257847 | 11.40 |
| 501 - 1000 | 4500 | 5.78 | 3679067 | 4.09 |
| 1001 - 2000 | 1856 | 2.38 | 2886827 | 3.21 |
| 2001 - 3000 | 654 | 0.84 | 1694581 | 1.88 |
| 3001 - 4000 | 266 | 0.34 | 956870 | 1.06 |
| 4001 - 5000 | 261 | 0.34 | 1243085 | 1.38 |
| 5001 - 10000 | 369 | 0.47 | 2726780 | 3.03 |
| 10001 - And Above | 360 | 0.46 | 66526417 | 73.95 |
| **Total :** | **77896** | **100.00** | **89971474** | **100.00** |

## viii Dematerialisation 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 INE148A01019. The shares are traded regularly on BSE & NSE. About 93% of the 8,99,71,474 outstanding shares have been dematerialised up to 31st March 2020. Balance shares are held in physical mode.

ix The Company has not issued any convertible instruments.

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

**Address for Correspondence:**

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

**M/s. Cameo Corporate Services Limited,**

No.1 Club House Road, V Floor, "Subramanian Building", Chennai – 600 002
Phone: 044-2846734/735/24860395/24860390(4 lines), Fax: 044-28460129,
E-mail: investor@cameoindia.com

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

**The Company Secretary & Compliance Officer**

Manali Express Highway, Manali, Chennai – 600 068 Telefax No.044-25945588,
E-mail: secy-legal@tnpetro.com, investorgrievance@tnpetro.com,
website: www.tnpetro.com.

**10. Other 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. The Policy for determining material subsidiaries has been framed and the policy is available on our website (http://tnpetro. com/corporate-governance-policies/).

v. A Management Discussion and Analysis Report has been presented as part of the Directors' Report.

vi. The Company has complied with all the mandatory requirements stipulated under the Listing Regulations.

vii. All the requirements of Corporate Governance report specified in Sub-Paras (2) to (10) of Para C of Schedule V to the Listing Regulations have been complied with.

viii. The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46(2) (b) to (i) of the Listing Regulations.

ix. Mrs. B Chandra, Practicing Company Secretary has certified that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

x. During the year no complaints were filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

xi. The Statutory Auditor was paid ₹55,000 for providing certifications to the Company, other than the audit fee as disclosed in the Financial Statements.

**xii. Disclosure of Commodity Price risks and Commodity hedging activities:**

The Company mainly sources its materials domestically and the exports are not substantial. Accordingly, there has been no major commodity price risks faced and so there has been no commodity hedging activity. 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.

**xiii. Disclosure with respect to demat suspense account/unclaimed suspense account.**

No shares have been transferred to demat suspense account/unclaimed suspense account as the requirement is not applicable to the Company.

**xiv. 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 2019-2020.

b) The Company has appointed a third party firm as the Internal Auditors which carries out the audit and the report is presented to the Audit Committee for review and further directions.

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## Declaration by WTD (OPERATIONS)

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.

**D Senthikumar**
DIN: 00202578
Wholetime Director (Operations)

4th August 2020
Chennai – 600 068

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## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To: The Members of Tamilnadu Petroproducts Limited**

I have examined the compliance of conditions of Corporate Governance by M/s. Tamilnadu Petroproducts Limited, for the year ended on 31st March, 2020, 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 2019 to 31st March 2020, 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.

1. The compliance of conditions of Corporate Governance is the responsibility of the management. My 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.
2. Based on the aforesaid examination and according to the information and explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations I 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**
Practising Company Secretaries

**B CHANDRA, B.Com., AICWA, ACS**
Membership No.: 20879
CP No.: 7859
UDIN: A020879B000548560

Place : CHENNAI
Date : 04/08/2020

## ANNEXURE - II TO DIRECTORS' REPORT
## SECRETARIAL AUDIT REPORT

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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate, also taking into account the peculiar circumstances leading to the national lockdown imposed by the Government of India due to the pandemic, 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. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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**
Practising Company Secretaries

**B CHANDRA, B.Com., AICWA, ACS**
Membership No.: 20879
CP No.: 7859
UDIN: A020879B000548527

Place : CHENNAI
Date : 04/08/2020

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## FORM NO. MR-3
## SECRETARIAL AUDIT REPORT
## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

*[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,

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 31st March, 2020, 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 31st March, 2020, 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'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. 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;

   d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

   I am 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:

   a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018

   b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

   c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008

   d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

   e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations,2013

(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 at 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
   - Drugs and Cosmetics Act, 1940
   - 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:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) 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, I 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 Company has not transferred the shares pertaining to unpaid /unclaimed dividend for a consecutive period of 7 years based on a legal opinion that for the transfer of shares to the IEPF Authority consequent to non-payment/non-claiming of dividend in terms of Section 124(6), there necessarily has to be declaration of dividend, in the first instance and that there have to be 7 such consecutive instances. The legal opinion had however pointed out that the Circulars issued by the Ministry of Corporate Affairs have created certain ambiguity in the matter and to approach the MCA. Accordingly, the letter and the reminder written to MCA by the Company has not been replied to. The Company is still awaiting clarification in this regard and is yet to take action regarding transfer of shares to IEPF.

**For B CHANDRA**
Practising Company Secretaries

**B CHANDRA, B.Com., AICWA, ACS**
Membership No.: 20879
CP No.: 7859
UDIN: A020879B000548527

Place : CHENNAI
Date : 04/08/2020

# ANNEXURE - III TO DIRECTORS' REPORT

**Particulars as required under Rule 3 of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2020, 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 rerun, recovery column resulted in savings to the extent of 108 MT of Fuel Oil per year.

b) Switching over from Fuel oil to Liquified Natural Gas (LNG) in all the process heaters and thereby reducing the steam consumption to the tune of 4 tons/hr resulted in savings of 423 MT of Fuel oil per year.

### ii) Investment in conservation of energy

About ₹425 lakh investment was made during the year 2019-20 towards vacuum pump installation and fuel conversion activities.

## 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 for the LAB Plant. In the recent past, there was no new technology updated by the Company. The PO process technology provided by Manali Petrochemicals Limited was put to use during the year 2018-19. Steps for process improvement to bring down the cost are being taken up continuously.

### ii) Expenditure on Research & Development

The Company does not have any research & development activity as it manufactures industrial intermediate chemicals. The development activities are carried out in the normal course for process improvement by the Technical Services Team.

## C) Foreign Exchange Earnings and outgo:

i) Foreign exchange in terms of actual inflows: **NIL**

ii) Foreign exchange in terms of actual outflows: **₹10,531.17 lakh**

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| | **D Senthikumar** | **KT Vijayagopal** |
| 4th August 2020 | DIN: 00202578 | DIN: 02341353 |
| Chennai – 600 068 | Wholetime Director (Operations) | Wholetime Director (Finance) & CFO |

# ANNEXURE IV - TO DIRECTORS' REPORT

## FORM NO.MGT-9

### Extract of Annual Return as on the financial year ended 31st March 2020

[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 | 22nd 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,<br>Chennai - 600 068 |
| vi) Whether listed company | Yes, listed with BSE and NSE |
| vii) Name, Address and Contact details of Registrar and Share Transfer Agent, if any | Cameo Corporate Services Limited,<br>"Subramanian Building", No. 1,<br>Club House Road,<br>Chennai – 600 002<br>Ph: 044 -2846 0390;<br>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 | 80.13 |
| 2 | Caustic Soda Lye | 24111 | 10.31 |

## 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 Cyber city 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 (Closed through the voluntary strike off process in January 2020) | NIL | Explanation (a) to S.2(87) |

TPL

# I. 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 01-04-2019) | | | | No. of Shares held at the end of the year (As on 31-03-2020) | | | | % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A.** | **Promoter** | | | | | | | | | |
| **1.** | **Indian** | | | | | | | | | |
| a) | Bodies Corporate | 15234375 | Nil | 15234375 | 16.93 | 15234375 | Nil | 15234375 | 16.93 | Nil |
| b) | Banks / FI | 15843751 | Nil | 15843751 | 17.61 | 15843751 | Nil | 15843751 | 17.61 | Nil |
| **2.** | **Foreign** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | **Total Shareholding of Promoter(A)= (A)(1)+ (A)(2)** | 31078126 | Nil | 31078126 | 34.54 | 31078126 | Nil | 31078126 | 34.54 | Nil |
| **B.** | **Public Shareholding** | | | | | | | | | |
| **1.** | **Institutions** | | | | | | | | | |
| a) | Mutual Funds | 600 | 7700 | 8300 | 0.01 | 600 | 7700 | 8300 | 0.01 | Nil |
| b) | Banks / FI | 179311 | 18700 | 198011 | 0.22 | 78636 | 18700 | 97336 | 0.10 | -0.11 |
| c) | Insurance Companies | 4335054 | 300 | 4335354 | 4.82 | 3807906 | 300 | 3808206 | 4.23 | -0.58 |
| d) | Foreign Portfolio Investor (Corporate) Category II | 3792088 | Nil | 3792088 | 4.21 | 4573665 | Nil | 4573665 | 5.08 | 0.86 |
| **e)** | **Sub-total (B)(1)** | 8307053 | 26700 | 8333753 | 9.26 | 8460807 | 26700 | 8487507 | 9.43 | 0.17 |
| **2.** | **Non-Institutions** | | | | | | | | | |
| | Bodies corporate | 6292998 | 28600 | 6321598 | 7.02 | 5781255 | 28600 | 5809855 | 6.45 | -0.56 |
| | Individual shareholders holding nominal share capital upto ₹1 lakh | 18149161 | 4195584 | 22344745 | 24.83 | 17146257 | 4044989 | 21191246 | 23.55 | -1.28 |
| | Individual shareholders holding nominal share capital in excess of ₹1 lakh | 14904473 | 0 | 14904473 | 16.56 | 16056454 | Nil | 16056454 | 17.84 | 1.28 |
| | Others | 5142503 | 1846276 | 6988779 | 7.76 | 5517810 | 1830476 | 7348286 | 8.16 | 0.39 |
| | **Sub-total(B)(2)** | 44489135 | 6070460 | 50559595 | 56.19 | 44501776 | 5904065 | 50405841 | 56.02 | -0.17 |
| | **Total Public shareholding (B)=(B)(1) + (B)(2)** | 52796188 | 6097160 | 58893348 | 65.45 | 52962583 | 5930765 | 58893348 | 65.46 | - |
| **C.** | **Shares held by Custodian for GDRs & ADRs** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | **Grand Total (A+B+C)** | **83874314** | **6097160** | **89971474** | **100.00** | **84040709** | **5930765** | **89971474** | **100.00** | **0.00** |

## (ii) Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year (As on 01-04-2019) | | | Shareholding at the end of the year (As on 31-03-2020) | | | % 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. | Tamilnadu Industrial Development Corporation Limited | 15843751 | 17.61 | Nil | 15843751 | 17.61 | Nil | Nil |
| 2. | Southern Petrochemical Industries Corporation Limited | 15234375 | 16.93 | Nil | 15234375 | 16.93 | Nil | Nil |

## (iii) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs & 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 | |
|---|---|---|---|---|---|---|---|
| | Date wise Increase/ Decrease in Shareholding during the year | No. of shares | % | No .of shares | % | No. of shares | % |
| 01 | Life Insurance Corporation of India Limited | 3850404 | 4.28 | 3850404 | | | |
| | Sale 17.01.2020 | -50000 | 0.06 | 3800404 | 4.22 | | |
| | Sale 24.01.2020 | -12801 | 0.01 | 3787603 | 4.21 | | |
| | Sale 31.01.2020 | -78565 | 0.09 | 3709038 | 4.12 | | |
| | Sale 07.02.2020 | -110660 | 0.12 | 3598378 | 4.00 | | |
| | Sale 14.02.2020 | -35222 | 0.04 | 3563156 | 3.96 | 3563156 | 3.96 |
| 02 | Shreyans Shantilal Shah | 3834451 | 4.26 | 3834451 | 4.26 | 3834451 | 4.26 |
| 03 | Hitesh Ramji Javeri, | | | | | | |
| | Jt1 Radhabai Ramji Javeri | | | | | | |
| | Jt2 Harsha Hitesh Javeri | 2397700 | 2.66 | 2397700 | 2.66 | | |
| | Purchased – 31.03.2020 | 10000 | 0.01 | 2407700 | 2.67 | 2407700 | 2.67 |
| 04 | Ares Diversified | 2027574 | 2.25 | 2027574 | | | |
| | Purchased – 10.05.2019 | 71977 | 0.08 | 2099551 | 2.33 | | |
| | Purchased – 17.05.2019 | 120660 | 0.13 | 2220211 | 2.47 | | |
| | Purchased – 11.10.2019 | 116249 | 0.12 | 2336460 | 2.60 | | |
| | Purchased – 18.10.2019 | 74435 | 0.08 | 2410895 | 2.68 | | |
| | Purchased – 25.10.2019 | 15520 | 0.01 | 2426415 | 2.70 | | |
| | Purchased – 08.11.2019 | 16019 | 0.02 | 2442434 | 2.71 | | |
| | Purchased – 15.11.2019 | 100177 | 0.11 | 2542611 | 2.83 | | |
| | Purchased – 22.11.2019 | 132016 | 0.15 | 2674627 | 2.97 | | |
| | Purchased – 29.11.2019 | 1610 | 0.00 | 2676237 | 2.97 | | |
| | Purchased – 06.12.2019 | 142914 | 0.16 | 2819151 | 3.13 | 2819151 | 3.13 |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | At the End of the year | |
|---|---|---|---|---|---|---|---|
| | Date wise Increase/ Decrease in Shareholding during the year | No. of shares | % | No .of shares | % | No. of shares | % |
| 05 | Harsha Hitesh Javeri<br>Jt1 – Hitesh Ramji Javeri<br>Jt2 – Radhabai Ramji 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 | 1.86 | 1675600 | 1.86 | 1675600 | 1.86 |
| 08 | Vallabh Realtors Private Limited | 1072572 | 1.19 | 1072572 | 1.19 | 1072572 | 1.19 |
| 09 | TPL Employees Welfare Foundation | 997831 | 1.10 | 997831 | 1.10 | 997831 | 1.10 |
| 10 | Arial Holdings | 855365 | 0.95 | 855365 | 0.95 | 855365 | 0.95 |

### (iv) Shareholding of Directors and KMP

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year (As on 01-04-2019) | | | Shareholding at the end of the year (As on 31-03-2020) | | | % 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. | Mr. KT Vijayagopal | 200 | 0.00 | Nil | 200 | 0.00 | Nil | Nil |

## V. INDEBTEDNESS

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

| Particulars | Unsecured Loans | Secured Loans excluding deposits | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 0.00 | 3,986.59 | 0.00 | 3,986.59 |
| 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** | **3,986.59** | **0.00** | **3,986.59** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 0.00 | 0.00 | 0.00 | 0.00 |
| Reduction | 0.00 | (272.40) | 0.00 | (272.40) |
| **Net Change** | 0.00 | (272.40) | 0.00 | (272.40) |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 0.00 | 3,669.17 | 0.00 | 3,669.17 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 45.02 | 0.00 | 45.02 |
| **Total(i+ii+iii)** | **0.00** | **3,714.19** | **0.00** | **3,714.19** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

The details of remuneration paid to the Wholetime Director (Operations) and Wholetime Director (Finance) & CFO was ₹141.16 lakh 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** | **Company Secretary** |
|---|---|---|
| 1. | Gross salary | ₹ in lakh |
| (a) | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 9.56 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.51 |
| | **Total** | **10.07** |

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

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**

4th August 2020
Chennai – 600 068

**D Senthikumar**
DIN: 00202578
Wholetime Director (Operations)

**KT Vijayagopal**
DIN: 02341353
Wholetime Director (Finance) & CFO

# 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. D. Senthikumar, WTD (Operations): 21 times<br>Mr. KT Vijayagopal, WTD (Finance): 21 Times |
| 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; | The percentile increase in remuneration of the Wholetime Director (Finance) & CFO, Wholetime Director (Operations) was 13.64% and the Company Secretary was 11% |
| c. | The percentage increase in the median remuneration of employees in the financial year; | 13.00% 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 end there were 428 permanent employees, including WTD's 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 12.02% against about 23.69% increase in the remuneration of the KMPs, attributable to revision of the remuneration of WTD (Operations) / WTD(Finance)/ VPs/ CS which was done based on the recommendation of the NRC taking into various factors including but not limited to the performance of the Company, the individual, remuneration to similarly placed Executives in other companies and the like. |

## 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 | Remuneration (₹ In Lakh) | Qualification | Experience | DOJ in TPL | Age | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 1 | KT Vijayagopal | WTD (F) | 75.00 | B.com, FCA | 31 | 21-Aug-15 | 55 | Managing Director – EDAC Engineering Limited |
| 2 | D Senthikumar | WTD (O) | 75.00 | B.Tech | 30 | 18-Feb-16 | 56 | VP (Projects) - Cetex Petrochemicals Limited |
| 3 | Kalyanasundaram N | VP (O) | 55.00 | B.Sc., AMIE - Chemical Engineering | 35 | 02-May-16 | 57 | Senior Vice president - Chemfab alkalis limited |
| 4 | Karthikeyan M | VP (O) | 55.00 | B.Tech | 30 | 07-Jan-90 | 53 | EMS Trainee - Tamilnadu Petroproducts Limited |
| 5 | Venkatakrishnan M | AGM (Finance) | 27.18 | B.com, ACA | 22 | 15-Feb-16 | 52 | RM (Finance) - Crompton Greaves Limited |

| S. No. | Name | Designation | Remuneration (₹ In Lakh) | Qualification | Experience | DOJ in TPL | Age | Last Employment |
|---|---|---|---|---|---|---|---|---|
| 6 | R.M. Raghunathan | GM (Maintenance) | 23.00 | B.E (Mechanical Eng.), MBA | 22 | 05-Mar-18 | 52 | PM Head - EDAC Ltd |
| 7 | K Vasantha Kumar | AGM (HR) | 18.84 | B. Sc (Stat)., M.A.(PM&IR)., MLM | 21 | 09-Dec-16 | 45 | Senior Manager (IR) - India Yamaha Motors Pvt Ltd |
| 8 | Venkatesh N J | Senior Manager (TS) | 17.33 | DME., AMIE, MBA | 33 | 16-Dec-87 | 53 | ESS Trainee - Tamilnadu Petroproducts Limited |
| 9 | Kumaragurubaran. S | Manager (IT) | 17.03 | M.Sc.(IT) | 20 | 02-Jun-15 | 49 | Sr. Manager (IT) - Thirumalai Chemicals Limited |
| 10 | N. Lakshmanan | Senior Manager (Production) | 16.33 | B. Tech (Chemical Eng.) | 31 | 12-Jul-17 | 54 | Senior Manager (Operation) - HIL Ltd |

Notes:

1. The above appointments are contractual.
2. 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. KT Vijayagopal who holds 200 equity shares of the Company.
3. The remuneration shown above includes contributions to Provident and other Funds.

**For and on behalf of the Board of Directors**

4th August 2020
Chennai – 600 068

**D Senthikumar**
DIN: 00202578
Wholetime Director (Operations)

**KT Vijayagopal**
DIN: 02341353
Wholetime Director (Finance) & CFO

TPL

# ANNEXURE VI TO DIRECTOR'S REPORT
# ANNUAL REPORT ON CSR ACTIVITIES DURING THE YEAR 2019-20

**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 organisation, 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 https://tnpetro.com/corporate-governance-policies/

**Overview of projects or programmes**

Provision of sanitation and drinking water facilities in Government High School in Manali New Town was taken-up by the Company.

**2. Composition of the CSR Committee**

As on 31st March 2020, the CSR Committee comprised of Mr. Ashwin C. Muthiah as the Chairman, Ms. Sashikala Srikanth and Ms. Kakarla Usha, IAS as the other Members. The Committee met three times during the year, viz., on 21st May 2019, 31st July 2019 and 11th November 2019 and Mr. Ashwin C Muthiah and Ms. Sashikala Srikanth attended all the meetings. Dr. Aneesh Sekhar. S, IAS who was a Member from 05/04/2019 to 18/11/2019 did not attend any of the meetings and no meetings were held after induction of Ms. Kakarla Usha, IAS as a Member on 10th February 2020

**3. Average net profit of the Company for the last three financial years:** ₹3,772 lakh

**4. Prescribed CSR expenditure :** ₹75.45 lakh

**5. Details of CSR spent during the financial year:**

a) Total amount spent for the financial year: ₹22.75 lakh (includes ₹3.01 lakh: 2018-19 commitment)

b) Amount unspent, if any: ₹55.71 lakh

**6. Manner of spending the amount :**

**Sanitation and Drinking water facilities at Government High School in Manali New Town:**

As stated in the previous year CSR Report, this project was completed and handed over for usage. The Company's last year CSR expenditure was completed as committed.

**Sanitation and drinking water facilities at Government and Primary Health Care Clinics (PHCC):**

Your Company has earmarked ₹60 lakh for provision of sanitation and drinking water facilities in Government Primary and High School, Vichoor and primary health care clinics at Sadyankuppam village to meet the initial costs and also operating expenses for first 3 months. The provision of sanitation and drinking water facilities in Government school are pending due to delay in getting approval of the Education department. The approval for operating the PHCC from concerned Government authorities is in progress. The premises for operating the primary health care clinic has been identified and taken on lease where renovation and modification works are being carried out.

Your Company has also proposed to grant scholarships to students studying in schools attached to Greater Chennai Corporation (GCC), which will be disbursed after receipt of the list of beneficiaries from GCC.

7. **Reasons for amount not spent :**

   The Company believes that the CSR activities undertaken should make a difference to the lives of the underprivileged and the society at large. The project of construction of toilets in the Government School and operating PHCC needs approval from the concerned authorities where delays are experienced due to administrative issues. Due to the COVID-19 pandemic situation the implementation of the above stated projects are getting delayed. The earmarked amounts would be spent during the current year.

8. It is confirmed by the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR activities and Policy of the Company.

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| | **D Senthikumar** | **KT Vijayagopal** |
| 4th August 2020 | DIN: 00202578 | DIN: 02341353 |
| Chennai – 600 068 | Wholetime Director (Operations) | Wholetime Director (Finance) & CFO |

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | | |
|---|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | | L23200TN1984PLC010931 |
| 2. | Name of the Company | | Tamilnadu Petroproducts Limited |
| 3. | Registered Address | | Manali Express Highway, Manali, Chennai – 600 068 |
| 4. | Website | | www.tnpetro.com |
| 5. | E-mail Address | | secy-legal@tnpetro.com |
| 6. | Financial Year Reported | | 2019-2020 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | | Manufacturer of Chemicals |
| 8. | List three key products / services that the Company manufactures / provides (as in balance sheet) | (i) | Linear Alkyl Benzene |
| | | (ii) | Caustic Soda Lye |
| | | (iii) | Propylene Oxide |
| 9. | Total number of locations where business activity is undertaken by the Company | | |
| | (a) Number of International Locations (Provide details of major 5) | | NIL |
| | (b) Number of National Locations | | One – Manali Express Highway, Manali, Chennai – 600 068 |
| 10 | Markets served by the Company – Local / State / National / International | | Local, State and National |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1. | Paid up Capital (in ₹) | 8,997.15 Lakh |
| 2. | Total Turnover (in ₹) | 1,23,321.35 Lakh |
| 3. | Total profit after taxes (in ₹) | 5,507.88 Lakh |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 75.45 Lakh |
| 5. | List of activities in which expenditure in 4 above has been incurred: | (a) Providing sanitation and drinking water facilities in the Government Primary and High Schools in Manali New Town, and in Vichoor, Chennai.<br>(b) Primary Healthcare Care Clinics in Sadyankuppam village |

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, the Company has 2 overseas Subsidiaries, Certus Investment & Trading Ltd., Mauritius and Certus Investment & Trading (S) Pte Ltd., Singapore as on March 31, 2020.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, indicate the number of such subsidiary company(s).

   The subsidiary companies located overseas are not carrying on any major activities and hence they do not participate in the BR initiatives of TPL

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   No other entities that the Company does business with, participate in the BR initiatives of the Company.

**SECTION D: BR INFORMATION**

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

   The Board of Directors has assigned implementation of the BR Policies to the Wholetime Directors of the Company.

   (b) Details of the BR Head

| No. | Particulars | | |
|---|---|---|---|
| 1 | Name | Mr. D. Senthikumar | Mr. KT Vijayagopal |
| 2 | DIN Number | 00202578 | 02341353 |
| 3 | Designation | Wholetime Director (Operations) | Wholetime Director (Finance) & CFO |
| 4 | Telephone number | +91-044-25945500 | +91-044-25945500 |
| 5 | e-mail id | senthi@tnpetro.com | kt_vijayagopal@tnpetro.com |

2. (a) Principle-wise (as per NVGs) BR Policy/policies

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

| | |
|---|---|
| Principle 1: (P1) | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| Principle 2: (P2) | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| Principle 3: (P3) | Businesses should promote the well-being of all employees |
| Principle 4: (P4) | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized |
| Principle 5: (P5) | Businesses should respect and promote human rights |
| Principle 6: (P6) | Businesses should respect, protect and make efforts to restore the environment |
| Principle 7: (P7) | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| Principle 8: (P8) | Businesses should support inclusive growth and equitable development |
| Principle 9: (P9) | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

TPL

**(b) Details of compliance (Reply in Y/N)**

| Principle-wise Policies | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for: | Y | Y | Y | Y | Y | Y | N* | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | The policies have been framed keeping in mind the interests of the stakeholders at large. | | | | | | | | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? | Various practices / processes emanating out of these policies conform to national / international standards. | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | - | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies? | Yes | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes | | | | | | | | |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Yes | | | | | | | | |

*Reason for Not having Policy for P7

TPL does not advocate influencing the public & regulatory policies for its gain, hence no policy is proposed.

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

   BRR has become applicable from the year 2019-20 based on TPL's market capitalization as on 31-03-2020 and so there was no formal review of the BR performance during the year. The related policies were reviewed in the normal course and in future assessment of BR performance would be carried out periodically, based on needs.

   (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   The BRR, being part of the Annual Report for the year would be available in the website of the Company www.tnpetro.com

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

   Yes, the policy covers the Company and its subsidiaries.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year there were no complaints received on any unethical, bribery, corruption, etc.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   a) Linear Alkyl Benzene

   b) Caustic Soda

   c) Propylene Oxide

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Linear Alkyl Benzene: Switching over of Fuel from Fuel oil to Liquified Natural Gas (LNG) in all the process heaters and thereby reducing the steam consumption to the tune of 4 tons/hr resulted in savings of 423 MT of Fuel oil per year.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Key raw materials like Kerosene for LAB is sourced in bulk through pipeline from CPCL, LNG and fuel oil requirements are also sourced through pipeline from IOCL and benzene is sourced from indigenous sources viz., IOCL, BPCL & HPL. Industrial Grade Salt and Propylene are procured by lorry tanker movements. The major feedstock (Kerosene) supplier is located near the Plant of TPL.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, except for the major raw materials specified above, the Company procures other goods and services from small vendors and MSME's (Micro, Small and Medium Enterprises). Workmen in and around Manali are engaged in the factories and Industrial Grade Salts are procured mainly from small vendors.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**

TTRO (Tertiary Treatment Reverse Osmosis) water supplied from CMWSSB is utilized for process purpose in all units thus by achieving fresh water conservation and reduction in effluent generation. Industrial water waste in ETP is treated and recycled back to the manufacturing process and domestic waste water in STP is treated and reused for gardening and toilet use. Due to the nature of products of the Company and the waste generated, mechanism to recycle is not available. However, the wastes are disposed off through agencies dealing in such disposal or recycling and approved by the environmental authorities.

**Principle 3: Businesses should promote the wellbeing of all employees**

1. Please indicate the Total number of employees: 428
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:15
3. Please indicate the Number of permanent women employees: 1
4. Please indicate the Number of permanent employees with disabilities: 1
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association?: 58.35 %
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

| S. No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour / forced labour / involuntary labour | Nil | Nil |
| 2 | Sexual harassment | Nil | Nil |
| 3 | Discriminatory employment | Nil | Nil |

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
   (a) Permanent Employees: 25%
   (b) Permanent Women Employees: 100%
   (c) Casual / Temporary / Contractual Employees: 94%
   (d) Employees with Disabilities: 100%

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1. **Has the Company mapped its internal and external stakeholders? Yes / No**

   The stakeholders have been mapped as under:

   i) Government and regulatory authorities, ii) Customers, iii) Employees, iv) Shareholders, v) Vendors, vii) Workers engaged by Contractors.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.**

   Yes, the company has identified the disadvantaged, vulnerable and marginalised stakeholders

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Yes, the Company's CSR policy drives initiatives towards the benefit of the disadvantaged, vulnerable and marginalized stakeholders. The management of the Company shall remain accessible to all stakeholders in order to understand their concerns and respond accordingly. It undertakes a host of initiatives to address the concerns of stakeholders. Specifically, it spends most of the CSR amount towards sanitary and health care initiatives

**Principle 5: Businesses should respect and promote human rights**

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company has a Code of Conduct for business and ethics and a framework for prevention of sexual harassment of employees, and vigil mechanism policy which covers aspects ensuring human rights of its employees and other stakeholders. Adherence to these is expected from any person dealing with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Nil

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   The Environment policy of the Company covers the Company and its subsidiaries and as the environment care has to be followed up universally, the policy is being followed by the Group /Joint Ventures / Suppliers / Contractors / NGOs / others too

   As an example, LNG has been used in all plants as an initiative to reduce and control the pollution level, the usage of furnace oil became nil.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

   The Company has undertaken several initiatives to address global environmental issues, for instance, awareness creation to the employees and contract labours through various programs conducted on safety days, environmental days by conducting competitions.

3. **Does the Company identify and assess potential environmental risks? Y/N**

   The Apex Risk Management Committee of the Company identifies and assess various risks including the potential environmental risks and develops a mitigation plan to address it. This is reported to the Risk management committee of the Board and its reports are reviewed by the Audit Committee and the Board

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company is committed to using renewable resources to operate its facilities. Approximately 26.21% of the power consumption in 2019-20 is from wind energy being the largest source of renewable energy.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes, the Company is committed to manufacturing products and offer services in a way that ensures entitlement of all to a clean environment. (Please refer to Annexure III of the Directors' report).

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

   The Company is in compliance with the norms prescribed for marine discharge of the treated effluent and stack emission and other requirements.

7. **Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There are no pending show cause notices or legal notices from the PCBs, except for a private petition against the Company before the NGT, Southern Bench, which is being defended by the Company. Based on the direction of the NGT Principal Bench issued in July 2019 applicable to all over the country, TNPCB has sought payment of interim environmental compensation of ₹1 crore for each of the Plants, for which no substantial basis has been attributed. The Company has represented to the TNPCB to withdraw the demand, explaining that since it is compliant with the norms.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   1. National safety Council (NSC)
   2. Manali Industries Association (MIA)
   3. Alkali Manufacturers Association of India (AMAI)
   4. Federation of Indian Export Organisation (FIEO)
   5. South Indian Chamber of Commerce and Industries (SICCI)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas. No**

**Principle 8: Businesses should support inclusive growth and equitable development**

1. **Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof**

   The Company follows a CSR policy for Social welfare of the society. The Company has specific initiatives in pursuit of inclusive growth and equitable development. The Company is carrying out several CSR projects in and around Manali area where the plant is situated by providing sanitation and drinking water facilities in Government Schools and primary health centers.

2. **Are the programmes / projects undertaken through in-house team / own foundation/ external NGO/ government structures / any other organization?**

   The Company has undertaken CSR project through AM Foundation, a Section 8 Company jointly promoted by TPL with other likeminded companies

3. **Have you done any impact assessment of your initiative?**

   Since the CSR obligations are not very large, no formal impact assessment is carried out, but post implementation of the proposals, feedback is obtained from the beneficiaries.

4. **What is your company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**

   Contribution of ₹22.75 lakh in the last fiscal year. Please refer to **Annexure VI** to Directors' Report on CSR activities for additional details.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? (Please explain in 50 words or so)**

   Prior to undertaking the projects, AMF/TPL Teams interact with the community to ascertain their needs and so it is ensured that the activities are actually useful to the targeted group.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. **What percentage of customer complaints / consumer cases are pending as on the end of the financial year.** Nil

2. **Does the Company display product information on the product label over and above what is mandated as per local laws? Yes / No / N. A / Remarks (additional information)**

   The Company displays product information on the product label to the extent mandated as per local laws. In addition to this, wherever applicable test reports, product specs, etc. are shared.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti – competitive behavior during the last five years and pending as on end of financial year, if so, provide details thereof in about 50 words or so.** NIL

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   The Company supplies to industrial users and interacts with them directly. Grievances if any are resolved as soon as possible through mutual engagement.

# INDEPENDENT AUDITORS' REPORT

# TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

## Report on the Audit of Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Tamilnadu Petroproducts Limited ("the Company")** which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020 and its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

| Accounting for legal and other contractual claims | Our Response |
|---|---|
| The Company's operations expose it to the risk of litigation and contractual claims from third parties including statutory authorities. The recognition and valuation of exposure to tax & other legal framework related disputes, demands and claims across various specific matters due to the range of potential expected outcomes, requires the exercise of management judgement upon the probability of their incurrence and in assessing the amounts recorded and estimates relating to the timing and the amount of outflow of resources embodying economic benefits and the consequential disclosures made in the financial statements.<br><br>For those exposures where provision is made, the use of estimates within those provisions gives rise to inherent subjectivity in the amounts recorded in the financial statements.<br><br>For those exposures where no provision has been made, the obligation to disclose the nature and estimate of its financial impact gives rise to further judgement in the disclosure within the financial statements. | We assessed and tested the judgements made by the management with corroborative enquiries, including status update, future course of action contemplated by the Company. In particular, we challenged the expectation of outcomes by assessing against past events or agreeing to supporting evidence and compared with our expectations.<br><br>We obtained confirmation from the legal attorneys of the company and considered their opinions with our assessments of the probability in the outcomes. |

### Emphasis of Matter

We draw attention to Note no.37 in the financial statements wherein the Company has disclosed the impact of COVID-19 pandemic on its current and future financial performance. Considering the uncertainties involved in the future economic scenario which is based on various external factors outside the control of the Company, the management's assumptions and estimates on operational and financial performance of the Company would largely depend on future developments as they emerge as stated in the said note. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including annexures to Board's Report and Report on Corporate Governance but does not include the standalone and consolidated financial statements and our respective auditor's report thereon. The other information referred to above is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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 Act read with Rules framed thereunder 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

Due to prevailing lockdown conditions and travel restrictions due to COVID-19, we were unable to participate in the physical verification of Cash and Inventory as at 31st March 2020. Consequently, we have adopted alternative audit procedures as per the guidance note issued by the ICAI on physical Inventory verification – Key audit consideration amid COVID-19 and SA 501- Audit evidence – Specific Considerations for selected items and have obtained sufficient and appropriate audit evidence to issue our unmodified audit opinion in respect of the above on these financial statements.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of 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 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, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.** Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

(g) With respect to other matters to be included in Auditor's Report in accordance with the requirements of section.197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements. Refer Note. Nos. 33 and 34A to the standalone financial statements.

ii. The Company has certain long-term contracts for which there are no material foreseeable losses. The Company did not have any derivative contracts.

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

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

**Mahesh Krishnan**
Partner
(Membership No. 206520)
UDIN: 20206520AAAACA6958

Chennai
15th June 2020

## 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 the Company on the standalone financial statements of the Company for the year ended 31st March 2020)**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has adopted a policy of physically verifying its Fixed Assets once in two years which in our opinion is reasonable having regard to the size of the Company and nature of its business. During the year Fixed Assets have not been physically verified by the management as it was done last year by the management.

(c) According to the information and explanations given to us and on the basis of our examination, we report that, the title deeds of land and the buildings constructed thereon are held in the name of the Company as at the balance sheet date. In respect of leasehold land, the lease agreement is in the name of the Company, where the Company is the lessee. Also refer note.3A to the financial statements.

(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 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, Goods and Service Tax, Duty of Customs, 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 GST 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 2020, except for:

**(₹ in lakh)**

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Financial Year | Amount involved | Amount unpaid |
|---|---|---|---|---|---|
| Income Tax Act | Income Tax | DCIT | 1999-00, 2005-06. 2013-14 | 3735.78 | 440.63 |
| | | Dispute Resolution Panel | 2011-12 | 824.94 | 322.34 |
| | | Income Tax Appellate Tribunal | 2008-09, 2009-10, 2010-11, 2012-13 | 2746.11 | 1640.44 |
| | | High Court | 2000-01, 2002-03 | 8428.69 | 5123.59 |
| | | Supreme Court | 2001-02 | 2645.60 | 123.60 |
| Various States Sales Tax Acts | Sales Tax | High Court | 2006-07 | 58.09 | 58.09 |
| | | Sales Tax Appellate Tribunal | 1993-94, 1995-96 to 2002-03 | 1668.02 | 1656.82 |
| | | Deputy Commissioner (Commercial Taxes) | 2005-06 | 5.15 | 5.15 |
| Finance Act,1994 | Service Tax | CESTAT, Chennai | 2011-12 to 2014-15 | 102.47 | 97.35 |
| Excise Duty | | Principal Commissioner GST & CE | 1994-95 to 1996-97 | 60.82 | 23.47 |
| | | CESTAT, Chennai | 2005-06 to 2009-10 | 244.22 | 221.11 |
| Customs Act | Customs Duty | Deputy Commissioner of Customs | 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 financial statements with details as prescribed by Indian 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)
UDIN: 20206520AAAACA6958

Chennai
15th June 2020

## 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 the Company, on the Internal Financial Controls Over Financial Reporting for the year ended 31st March 2020.)**

We have audited the internal financial controls over financial reporting of **Tamilnadu Petroproducts Limited ('the Company')** as of March 31, 2020 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, an adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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)
UDIN: 20206520AAAACA6958

Chennai
15th June 2020

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## Standalone Balance Sheet as at 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| ASSETS | Notes | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| a) Property, Plant and Equipment | 3A | 29,038.83 | 23,024.94 |
| b) Capital work-in-progress | | 304.66 | 2,033.68 |
| c) Investment Property | 3B | 20.68 | 20.68 |
| d) Right of Use-Assets | 3C | 113.84 | - |
| e) Financial assets | | | |
| i) Investments | | | |
| (a) Investment in subsidiaries | 4A | 9,645.13 | 9,645.13 |
| (b) Other Investments | 4B | 146.73 | 135.72 |
| ii) Other financial assets | 5 | 93.37 | 106.68 |
| f) Other non-current assets | 6 | 1,906.45 | 787.10 |
| **Total Non-Current Assets** | | 41,269.69 | 35,753.93 |
| **Current assets** | | | |
| a) Inventories | 7 | 7,826.22 | 7,876.31 |
| b) Financial assets | | | |
| i) Trade Receivables | 8 | 4,984.96 | 7,165.65 |
| ii) Cash and Cash equivalents | 9A | 0.66 | 3.72 |
| iii) Bank balances other than ii) above | 9B | 8,451.19 | 8,516.28 |
| iv) Other financial assets | 10 | 279.11 | 107.78 |
| c) Other Current assets | 11 | 1,489.49 | 1,838.67 |
| d) Assets classified as held for sale | 12 | - | 0.60 |
| **Total Current Assets** | | 23,031.63 | 25,509.00 |
| **TOTAL ASSETS** | | 64,301.32 | 61,262.93 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a) Equity share capital | 13 | 8,997.15 | 8,997.15 |
| b) Other Equity | 14 | 36,068.36 | 31,863.15 |
| **Total Equity** | | 45,065.51 | 40,860.30 |
| **Liabilities** | | | |
| **Non-Current liabilities** | | | |
| a) Financial liabilities | | | |
| i) Other financial liabilities | 15 | 143.30 | 26.14 |
| b) Provisions | 16 | 2,800.05 | 2,346.82 |
| c) Deferred tax liabilities (net) | 17 | 2,133.02 | 2,536.94 |
| **Total non-current liabilities** | | 5,076.37 | 4,909.90 |
| **Current liabilities** | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 18 | 3,669.17 | 3,986.59 |
| ii) Trade payables | | | |
| Total Outstanding dues of Micro & Small Enterprises | | 38.97 | 91.97 |
| Total Outstanding dues of creditors other than Micro & Small Enterprises | 19 | 5,656.84 | 6,430.74 |
| iii) Other current financial liabilities | 20 | 797.72 | 450.13 |
| b) Provisions | 21 | 3,846.65 | 4,327.77 |
| c) Other current liabilities | 22 | 150.09 | 205.52 |
| **Total Current liabilities** | | 14,159.44 | 15,492.73 |
| **Total liabilities** | | 19,235.81 | 20,402.63 |
| **TOTAL EQUITY AND LIABILITIES** | | 64,301.32 | 61,262.93 |
| 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

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

## Standalone Statement of Profit and Loss for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | Notes | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 23 | 122,496.46 | 124,532.73 |
| Other income | 24 | 824.89 | 696.16 |
| **Total Revenue** | | 123,321.35 | 125,228.89 |
| **EXPENSES** | | | |
| Cost of Materials consumed | 25 | 64,871.54 | 67,083.98 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 26 | 749.82 | 1,777.82 |
| Employee benefits expense | 27 | 4,010.40 | 3,580.73 |
| Finance costs | 28 | 939.07 | 685.35 |
| Depreciation / Amortization Costs | 29 | 2,155.03 | 1,999.66 |
| Other expenses | 30 | 43,542.13 | 42,933.38 |
| **Total expenses** | | 116,267.99 | 118,060.92 |
| **Profit before tax** | | 7,053.36 | 7,167.97 |
| **Tax expense** | | | |
| a) Current tax | | 1,949.40 | 2,675.05 |
| b) MAT Credit | | | |
| - Entitlement | | - | - |
| - Utilisation / withdrawn | | 335.86 | (1,120.67) |
| Deferred tax | 17 | (739.79) | (11.48) |
| Provision for tax relating to prior years | | - | 197.58 |
| **Net current tax expense** | | 1,545.48 | 1,740.48 |
| **Profit for the year** | | 5,507.88 | 5,427.49 |
| Other Comprehensive income | | | |
| (i) Items that will not be reclassified to Profit or (Loss) | | | |
| Re-measurement of Defined Benefit Plan (Net) | | (218.01) | 40.32 |
| **Total Comprehensive income** | | 5,289.87 | 5,467.81 |
| Earnings per equity share (in ₹) | | | |
| Basic and Diluted | | 6.12 | 6.03 |
| 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

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

## Standalone Statement of Changes in Equity for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

### A. Equity Share Capital

| Particulars | Amount |
|---|---|
| Balance as at April 01,2018 | 8997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at March 31,2019 | 8997.15 |
| Changes in Equity Share capital during the year | - |
| Balance as at March 31,2020 | 8997.15 |

### 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 Plan | |
| **Balance as at April 01,2018** | **14,890.38** | **4,611.57** | **42.23** | **1,986.18** | **5,471.27** | **(63.91)** | **26,937.72** |
| Profit for the year | | | | | 5,427.49 | | 5,427.49 |
| Dividend on Equity Shares | | | | | (542.38) | | (542.38) |
| Remeasurement of Defined Benefit Plan (Net) | | | | | | 40.32 | 40.32 |
| **Balance as at March 31,2019** | **14,890.38** | **4,611.57** | **42.23** | **1,986.18** | **10,356.38** | **(23.59)** | **31,863.15** |
| **Balance as at April 01,2019** | **14,890.38** | **4,611.57** | **42.23** | **1,986.18** | **10,356.38** | **(23.59)** | **31,863.15** |
| Profit for the year | | | | | 5,507.87 | | 5,507.87 |
| Dividend on Equity Shares | | | | | (1,084.65) | | (1,084.65) |
| Remeasurement of Defined Benefit Plan (Net) | | | | | | (218.01) | (218.01) |
| **Balance as at March 31,2020** | **14,890.38** | **4,611.57** | **42.23** | **1,986.18** | **14,779.60** | **(241.60)** | **36,068.36** |

* Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to IND AS as on April 01,2017.

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

In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

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## Standalone Cash Flow Statement for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | Year ended 31st March, 2020 | | Year ended 31st March, 2019 |
|---|---|---|---|---|---|
| **A** | **Cash flow from operating activities:** | | | | |
| | **Profit before tax** | | **7,053.36** | | 7,167.97 |
| | Adjustments for: | | | | |
| | Depreciation / Amortization Costs | **2,155.03** | | 1,999.66 | |
| | Profit on sale of property | **(7.49)** | | - | |
| | Loss on fixed assets sold/scrapped | **-** | | 57.47 | |
| | Finance costs | **939.07** | | 685.55 | |
| | Interest income | **(764.55)** | | (437.47) | |
| | Income from Mutual funds | **-** | | (3.10) | |
| | Provision for doubtful receivables | **-** | | 27.69 | |
| | Employee benefit obligation | **(291.33)** | | 40.32 | |
| | | | **2,030.73** | | 2,370.12 |
| | **Operating profit before working capital changes** | | **9,084.08** | | 9,538.09 |
| | **Changes in working capital:** | | | | |
| | **Adjustments for (increase) / decrease in operating assets:** | | | | |
| | Inventories | **50.09** | | 2,713.03 | |
| | Trade receivables | **2,180.69** | | (535.71) | |
| | Other financial assets | **24.72** | | 36.33 | |
| | Other assets | **(974.51)** | | 103.67 | |
| | Adjustments for increase / (decrease) in operating liabilities: | | | | |
| | Trade payables | **(826.90)** | | (3,438.11) | |
| | Provision and other current liabilities | **557.56** | | 278.66 | |
| | Other financial liabilities | **430.09** | | 53.32 | |
| | | | **1,441.74** | | (788.81) |
| | Cash generated from operations | | **10,525.82** | | 8,749.28 |
| | Net income tax (paid) | | **(2,516.97)** | | (1,529.96) |
| | **Net cash (used in) / generated from operating activities - (A)** | | **8,008.85** | | 7,219.32 |
| **B** | **Cash flow from investing activities:** | | | | |
| | Payments to acquire property, plant and equipment, including capital advances | **(6,349.42)** | | (4,290.07) | |
| | Proceeds from sale of Property, Plant and Equipment | **8.09** | | - | |
| | Investments in / (Sale of) Equity shares | **(11.01)** | | 183.20 | |
| | Investments in Fixed deposits with Bank | **136.75** | | (3,711.18) | |
| | Interest received - others | **581.83** | | 398.31 | |
| | Income from Mutual funds / Hedge reserve | **-** | | 3.10 | |
| | Bank balances not considered as cash and cash equivalents | **(71.65)** | | 971.07 | |
| | | | **(5,705.42)** | | (6,445.57) |
| | **Net cash (used in) / generated from investing activities – (B)** | | **(5,705.42)** | | (6,445.57) |

TPL

**Standalone Cash Flow Statement for the year ended 31st March, 2020**

All amounts are in ₹ lakh unless otherwise stated

| | | | | | |
|---|---|---|---|---|---|
| | | | **Year ended 31st March, 2020** | | Year ended 31st March, 2019 |
| **C** | **Cash flow from financing activities:** | | | | |
| | Repayment of long-term borrowings | - | | - | |
| | Net increase / (decrease) in working capital borrowings | **(317.42)** | | 387.16 | |
| | Finance costs | **(939.07)** | | (685.55) | |
| | Dividends paid | **(1,050.00)** | | (549.92) | |
| | | | **(2,306.49)** | | (848.31) |
| | **Net cash (used in)/generated financing activities – C** | | **(2,306.49)** | | (848.31) |
| | **Net increase/(decrease) in cash and cash equivalents – (A+B+C)** | | **(3.06)** | | (74.56) |
| | Add: Cash and cash equivalents at the beginning of the year | | **3.72** | | 78.28 |
| | Cash and cash equivalents at the end of the year (Refer Note 9A) | | **0.66** | | 3.72 |

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 the financial statements

**Change in Liability arising from Financing Activities:**

| | 1st April, 2019 | Cash flow | **31st March,2020** |
|---|---|---|---|
| Borrowing – Current (Refer Note 18) | 3,986.58 | (317.42) | **3,669.16** |
| **Total** | 3,986.58 | (317.42) | **3,669.16** |

| | 1st April, 2018 | Cash flow | 31st March,2019 |
|---|---|---|---|
| Borrowing – Current (Refer Note 18) | 3,599.46 | 387.13 | 3,986.58 |
| **Total** | 3,599.46 | 387.13 | 3,986.58 |

In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

# Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

1. **General Information:**

**Corporate Information**

Tamilnadu Petroproducts Limited (‘TPL’ or ‘the Company’) with CIN NO: L23200TN1984PLCO10931 is a Public Limited Company incorporated and domiciled in India, jointly promoted by Southern Petrochemical 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 Propylene Oxide at it’s facilities situated at Manali, Chennai.

2. **Basis of Preparation, Measurement and Significant Accounting Policies**

**2.1 Basis of Preparation and Measurement:**

**(a) Basis of preparation:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained it’s operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR in Lakh, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the ‘functional currency’).

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as “0” in the relevant notes to these financial statements.

The financial statements of the Company for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 15, 2020.

**(b) Basis of measurement:**

These financial statements are prepared under the historical cost convention unless otherwise indicated.

**2.2 Key accounting estimates and judgments:**

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.

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:

**2.3 Revenue recognition:**

The Company derives revenue primarily from sale of industrial intermediate chemicals viz Linear Alkyl Benzene, Caustic Soda Lye and its Derivatives, besides Propylene Oxide.

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**

Revenue recognition 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.

**2.4 Sale of goods:**

Revenue disclosed is net of discounts and Goods and service tax. For sale of manufactured/traded products of the Company, the performance obligation is satisfied as and when the customer generally obtains control of the goods despatched.

In the absence of any specific performance obligation post sale of products, the Company recognizes revenue when there is no uncertainty as to measurement or collectability of the consideration.

**2.5 Income from services:**

Revenue from Services is recognized when the stage of completion can be measured reliably and it is probable that economic benefits associated with the transaction will flow from 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.

**2.6 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.

**2.7 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 and includes gain or loss in respect of concluded forward contracts.

**2.8 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.

# Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

**2.9 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 which are recognised in Other comprehensive income and later to statement of profit and loss.

**2.10 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.

**2.11 Employee benefits:**

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

**2.11.1 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 Government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**2.11.2 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.

**2.11.3 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.

**2.11.4 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.

**2.12 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.

**2.13 Taxes on Income:**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

- **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.

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

- **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.

  Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

- **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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**2.14 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 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) Plant and Machinery - 5-25 years

ii) Office Equipment - 3 years

iii) Furniture & Fixtures - 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.

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.

**2.15 Investment Property:**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. The best evidence of fair value is current prices in an active market for similar properties. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location.

Pursuant to transition to Ind AS, the Company has elected to continue with the carrying value of all of its Investment Properties as per the previous GAAP as its deemed cost on the transition date.

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

**2.16 Intangible Assets:**

**2.16.1 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.

**2.16.2 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.

**2.16.3 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.

**2.17 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.

**2.18 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 – 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.

**2.19 Exceptional item:**

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

**2.20 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.

**2.21 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.

**2.22 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.

**2.23 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.

  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 of, 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.

**2.24 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.

**2.25 Investments in Subsidiaries, Associates and Joint Ventures:**

Investments in Subsidiaries, Associates and Joint Ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

**2.26 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.

**2.27 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.

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.

**2.28 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.

**2.29 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 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.

**2.30 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.

**2.31 Financial liabilities and equity instruments:**

**2.31.1 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.

**2.31.2 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.

**2.31.3 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.

**2.31.4 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.

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 Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

### 2.31.5 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.

### 2.31.6 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.

### 2.31.7 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.

## 2.32 Leases:

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

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

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

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

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the simplified approach whereby asset and liability are same on date on transition and hence no impact to reserves. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

**2.33 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.

**2.34 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.

**2.35 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, 2020

All amounts are in ₹ lakh unless otherwise stated

**3A (a) Property, Plant and Equipment and Capital work-in-progress**

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Land | **1,687.33** | 1,687.33 |
| Buildings | **594.65** | 692.39 |
| Plant and Machinery | **26,723.32** | 20,597.10 |
| Furniture and Fixtures | **1.68** | 8.94 |
| Office Equipments | **24.24** | 29.45 |
| Vehicles | **7.61** | 9.73 |
| | **29,038.83** | 23,024.94 |
| **(b) Capital work-in-progress** | **304.66** | 2,033.68 |

| Gross Block | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 31st March, 2018** | 1,687.33 | 1,012.44 | 20,074.76 | 24.05 | 115.91 | 15.93 | 22,930.42 |
| Additions | - | - | 5,824.64 | - | 2.43 | - | 5,827.07 |
| Disposals | - | - | (205.68) | - | (5.92) | - | (211.60) |
| Reclassified as held for sale | - | - | - | - | - | | - |
| **Balance at 31st March, 2019** | **1,687.33** | **1,012.44** | **25,693.72** | **24.05** | **112.42** | **15.93** | **28,545.89** |
| Additions | - | - | 8,148.95 | - | 16.09 | - | 8,165.04 |
| Disposals | - | - | (3.12) | - | - | - | (3.12) |
| Reclassified as held for sale | - | - | - | - | - | - | - |
| **Balance at 31st March, 2020** | **1,687.33** | **1,012.44** | **33,839.55** | **24.05** | **128.52** | **15.93** | **36,707.81** |

| Accumulated Depreciation and Impairment | Land | Buildings | Plant & machinery | Furniture & Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 31st March, 2018** | - | 220.10 | 3,400.82 | 7.73 | 41.50 | 4.08 | 3,674.23 |
| Depreciation expense | - | 99.95 | 1,844.01 | 7.38 | 46.20 | 2.12 | 1,999.66 |
| Eliminated on disposals | - | - | (148.21) | - | (4.73) | - | (152.94) |
| **Balance at 31st March, 2019** | **-** | **320.05** | **5,096.61** | **15.11** | **82.97** | **6.20** | **5,520.95** |
| Depreciation expense | - | 97.74 | 2,022.73 | 7.26 | 21.31 | 2.12 | 2,151.15 |
| Eliminated on disposals | - | - | (3.12) | - | - | - | (3.12) |
| **Balance at 31st March, 2020** | **-** | **417.79** | **7,116.23** | **22.37** | **104.28** | **8.32** | **7,668.98** |
| **Carrying amount at 31st March, 2020** | **1,687.33** | **594.65** | **26,723.32** | **1.68** | **24.24** | **7.61** | **29,038.83** |

**Notes:**

i) Includes 18 acres land at Manali, Chennai of value ₹122.04 lakh categorized as Land acquired by Tamilnadu Government under Urban Land Ceiling Act. Writ petition filed by the Company challenging the proposed move by Government of Tamilnadu is pending adjudication before Honourable High Court of Madras.

ii) Buildings include Building on Leasehold Land amounting to ₹57.11 lakh

iii) For Property, plant and equipment (PPE) given as securities refer Note no.18

iv) The estimated useful life of certain assets of plant and machinery were in the range of 15-30 years with residual value of ₹1 till year ended 31st March, 2019. The management, based on internal and external technical evaluation, reassessed the estimates and the Company has revised the useful life of those assets in the range of 5-25 years effective from 1st April, 2019.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| 3B | Investment Property | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| | Freehold Land # | **20.68** | 20.68 |
| | | **20.68** | 20.68 |

# Fair value of investment property is ₹80 lakh. This valuation is based on prevailing market estimates and has not been valued by independent valuer.

The company has no restrictions on the disposal of its Investment Property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements of the Investment Properties.

**Freehold Land**

| | | |
|---|---|---|
| Rental Income (A) | **-** | - |
| Direct operating expenses, that generated rental income. (B) | **-** | - |
| Direct operating expenses, that did not generate rental income. (C ) | **15.63** | 16.13 |
| **Profit/(Loss) arising from Investment properties before depreciation and Indirect expenses (A)-(B)-(C )** | **(15.63)** | (16.13) |
| Depreciation (D) | **-** | - |
| **Profit/(Loss) arising from Investment properties after depreciation and Indirect expenses (A)-(B)-(C )-(D)** | **(15.63)** | (16.13) |

**3C Right-of-Use-Asset**

| | Leasehold Land |
|---|---|
| **Balance at March 31, 2019** | - |
| Additions | 117.72 |
| Disposals | - |
| **Balance at March 31, 2020** | **117.72** |
| **Accumulated Depreciation** | |
| Balance at March 31, 2019 | - |
| Depreciation expense | 3.88 |
| Disposals | - |
| **Balance at March 31, 2020** | 3.88 |
| **Net book value as on March 31, 2020** | **113.84** |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|---|
| **4** | **Investments** | | | |
| | **Non-current investments:** | | | |
| | **(A)** | **Investment in subsidiaries - Equity Shares (fully paid) Unquoted: Instruments at cost** | | |
| | | 2,04,190 (31st March 2019: 2,04,190) Equity shares of US $ 100 each fully paid up in Certus Investment & Trading Limited, Mauritius | **9,645.13** | 9,645.13 |
| | | **Total - Investment in subsidiaries (A)** | **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 |
| | (b) | Ushdev Engitech Limited | | |
| | | 22,463 Equity Shares of ₹10 each fully paid up | **2.24** | 2.24 |
| | (c) | Watsun Infrabuild Private Limited. | **79.04** | 75.01 |
| | | 7,90,473 (31st March 2019: 7,50,141 Equity shares of ₹10 each fully paid up) | | |
| | (d) | OPG Power Generation Private Limited | | |
| | | 2,36,600 (31st March 2019: 1,76,000) Equity shares of ₹10 each fully paid up) | **27.21** | 20.24 |
| | (e) | AM Foundation | **0.16** | 0.16 |
| | | 1,600 Equity shares of ₹10 each fully paid up | | |
| | (f) | IL&FS Financial Services Limited | **0.04** | 0.04 |
| | | 3,600 Units of ₹1/- each fully paid | | |
| | (g) | Nagai Power Private Limited | | |
| | | 2,11,000 Equity shares of ₹10 each fully paid up | **21.10** | 21.10 |
| | | **Total - Other investments (B)** | **146.73** | 135.72 |
| | | **Aggregate amount of unquoted investments (A+B)** | **9,791.86** | 9,780.85 |
| **5** | **Other financial assets** | | | |
| | Security deposits | | **73.07** | 81.10 |
| | Others* | | **20.30** | 25.58 |
| | | | **93.37** | 106.68 |

* Refers to unamortised portion of deposits paid for usage of Effluent Treatment Plant.

| | | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|---|
| **6** | **Other Non-Current assets** | | | |
| | Capital advances | | **57.27** | 261.61 |
| | Security deposits | | **1,849.18** | 525.49 |
| | | | **1,906.45** | 787.10 |

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# Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **7** | **Inventories** | | |
| | Inventories | | |
| | - Raw materials | **3,692.95** | 2,903.16 |
| | -Work-in-progress | **236.17** | 1,398.94 |
| | -Finished goods | **1,464.09** | 1,051.14 |
| | -Stores and spares | **2,433.01** | 2,523.07 |
| | | **7,826.22** | 7,876.31 |

i) Inventories are valued at lower of cost and net realisable value

ii) For Inventories given as securities refer Note no.18

| | | | |
|---|---|---|---|
| **8** | **Trade receivables** | | |
| | Considered good - Secured | **-** | - |
| | Considered good - Unsecured | **4,984.96** | 7,165.65 |
| | Trade Receivables which have significant increase in credit risk | **-** | - |
| | Trade Receivables - credit impaired | **77.78** | 77.78 |
| | Impairment Allowance (Allowance for doubtful debts) | **(77.78)** | (77.78) |
| | | **4,984.96** | 7,165.65 |

a) Trade receivables are generally due between 0 to 30 days. The 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) Two customers lift more than 10% of the total value of the Turnover.

c) For Trade receivables given as security refer Note no.18

| | | | |
|---|---|---|---|
| **9A** | **Cash and Cash equivalents** | | |
| | Balances with Banks | | |
| | - In current accounts | **0.37** | 3.10 |
| | - Cash on hand | **0.29** | 0.62 |
| | | **0.66** | 3.72 |
| **9B** | **Bank balances other than above** | | |
| | Margin money deposits | **997.28** | 960.28 |
| | Unclaimed dividend account (Refer note 20) | **71.39** | 36.73 |
| | Other Fixed deposits # | **7,382.52** | 7,519.27 |
| | | **8,451.19** | 8,516.28 |
| | **Total** | **8,451.85** | 8,520.00 |

# represents deposits with original maturity more than three months but less than twelve months.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **10** | **Other Financial Assets** | | |
| | Security deposits | **18.56** | 18.56 |
| | Interest accrued on Deposits | **257.38** | 74.66 |
| | Other loans and advances | **3.16** | 14.56 |
| | | **279.11** | 107.78 |
| **11** | **Other Current assets** | | |
| | Advances given to Suppliers | **1,120.84** | 1,552.21 |
| | Prepaid expenses | **191.86** | 175.09 |
| | Balances with Government Authorities | | |
| | (i) GST credit receivable | **137.33** | 30.67 |
| | (ii) Balances with Customs, Sales tax and Excise Authorities | **39.45** | 80.69 |
| | | **1,489.49** | 1,838.67 |
| **12** | **Assets classified as held for Sale:** | | |
| | Freehold Land* | **-** | 0.60 |
| | | **-** | 0.60 |

*Represents Land at Gujarat. The land was sold during the year for a consideration of ₹7 Lakh and resulted in gain of ₹6.40 Lakh

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **13** | **Equity Share Capital** | | |
| | **Authorised Share capital :** | | |
| | 200,000,000 (as at 31st March 2019: 200,000,000) fully paid equity shares of ₹10 each. | **20,000.00** | 20,000.00 |
| | **Issued** | | |
| | 89,976,899 (as at 31st March 2019: 89,976,899) equity shares of ₹10 each. | **8,997.69** | 8,997.69 |
| | **Subscribed and fully paid up** | | |
| | 89,971,474 (as at 31st March 2019: 89,971,474) equity shares of ₹10 each. | **8,997.15** | 8,997.15 |
| | | **8,997.15** | 8,997.15 |

**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, 2020

All amounts are in ₹ lakh 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.

| **Particulars** | **Number of shares** | Amount |
|---|---|---|
| Balance as at 1st April, 2018 | **89,971,474** | 8,997.15 |
| Movements | **-** | - |
| Balance as at 31st March, 2019 | **89,971,474** | 8,997.15 |
| Movements | **-** | - |
| Balance as at 31st March, 2020 | **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 31st March, 2020** | | As at 31st March, 2019 | |
|---|---|---|---|---|
| | **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 |

**14 A. Other Equity**

| | | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|---|
| **I.** | **Reserves and Surplus** | | |
| A. | General reserve | **14,890.38** | 14,890.38 |
| B. | Securities premium | **4,611.57** | 4,611.57 |
| C. | Capital Reserve | **42.23** | 42.23 |
| D. | Other Reserve | **1,986.18** | 1,986.18 |
| E. | Surplus in Statement of Profit and Loss | **14,779.61** | 10,356.38 |
| **II.** | **Other Comprehensive income** | | |
| F. | Re-measurement of Defined Benefit Plan | **(241.60)** | (23.59) |
| | | **36,068.36** | 31,863.15 |

| | | | |
|---|---|---|---|
| **A.** | **General reserve** | | |
| | Balance at beginning of year | **14,890.38** | 14,890.38 |
| | Movements | **-** | - |
| | Balance at end of year | **14,890.38** | 14,890.38 |
| **B.** | **Securities premium** | | |
| | Balance at beginning of year | **4,611.57** | 4,611.57 |
| | Movements | **-** | - |
| | Balance at end of year | **4,611.57** | 4,611.57 |
| **C.** | **Capital reserve** | | |
| | Balance at beginning of year | **42.23** | 42.23 |
| | Movements | **-** | - |
| | Balance at end of year | **42.23** | 42.23 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **D.** | **Other Reserve** | | |
| | Balance at beginning of year | **1,986.18** | 1,986.18 |
| | Movements | **-** | - |
| | Balance at end of year | **1,986.18** | 1,986.18 |
| **E.** | **Surplus in Statement of Profit and Loss** | | |
| | Opening balance | **10,356.38** | 5,471.27 |
| | (Add): Profit for the year | **5,507.88** | 5,427.49 |
| | Less: Dividend (₹1 per share - 2018-19) (₹0.50 per share - 2017-18) | **(899.71)** | (449.91) |
| | Less: Dividend Distribution Tax | **(184.94)** | (92.47) |
| | Closing balance | **14,779.61** | 10,356.38 |
| **F.** | **Re-measurement of Defined Benefit Plan** | | |
| | Opening balance | **(23.59)** | (63.91) |
| | Movements | **(218.01)** | 40.32 |
| | Closing balance | **(241.60)** | (23.59) |

**B. Nature and purpose of reserves**

a. **General Reserve:** This Reserve is created by an appropriation from one component of equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

b. **Securities Premium:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

c. **Capital Reserve:** The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

d. **Other Reserve:** Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to Ind AS as on 1st April, 2017.

e. **Surplus in Statement of Profit and Loss:** Surplus in Statement of Profit and Loss are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

f. **Items of Other Comprehensive Income**

i) Re-measurement of Net Defined Benefit Plan: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

**15 Other financial liabilities - (Non-Current)**

| | | |
|---|---|---|
| Security deposit | **9.22** | 9.21 |
| Other payables | **16.92** | 16.93 |
| Lease Liability | **117.16** | 0.00 |
| | **143.30** | 26.14 |

a) The Company has a lease contract for Land used for the purpose of plant operation and the lease term is 30 years.

b) The weighted average incremental borrowing rate of 11% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

c) Other payable represents advance received against disposal of equity interests (100000 equity shares) in SEPC Power (Private) Limited upon completion of power project.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **16** | **Provisions - (Non-Current)** | | |
| | **Provision for:** | | |
| | Compensated absences | **399.83** | 321.51 |
| | Provision for Litigated claims | **2400.22** | 2025.31 |
| | | **2800.05** | 2346.82 |
| **17** | **Deferred tax balances - (Non-Current)** | | |
| | Deferred tax liabilities in relation to : | | |
| | Property, Plant and Equipment | **2,931.85** | 3,795.55 |
| | | **2,931.85** | 3,795.55 |
| | Deferred tax assets in relation to : | | |
| | Provision for Employee benefits allowed on payment basis | **138.67** | 153.55 |
| | Allowance for doubtful debts | **19.58** | 27.18 |
| | Expenses allowable on payment basis | **640.59** | 742.00 |
| | | **798.83** | 922.73 |
| | Deferred Tax | **2,133.02** | 2,872.82 |
| | Opening | **2,872.82** | 2,884.30 |
| | For the year | **(739.80)** | (11.49) |
| | For the period based on effective tax rate method | **(739.80)** | (11.49) |
| | Closing | **2,133.02** | 2,872.82 |
| | MAT Credit Entitlement | **-** | 335.88 |
| | Deferred tax liabilities (net) | **2,133.02** | 2,536.94 |
| | **Reconciliation between book and taxable profits** | | |
| | Profit before Income Taxes | **7053.34** | 7167.97 |
| | Enacted Tax Rates in India | **25.17%** | 34.94% |
| | Computed Expected Tax Expense | **1775.33** | 2,504.49 |
| | Tax Effect of non deductible expenses | **174.08** | 170.56 |
| | Income Tax Expense | **1949.40** | 2675.05 |
| | Minimum Alternate Tax Credit | **335.86** | (1,120.67) |
| | Income Tax Expense for the year | **2285.26** | 1,554.38 |
| | Tax Provisions relating to earlier years | **-** | 197.58 |

i) The applicable Indian corporate statutory tax rate for the year ended 31st March, 2020 and 31st March, 2019 are 25.17% and 34.94% respectively.

ii) The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended 31st March, 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31st March, 2020.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **18** | **Borrowings - (Current)** | | |
| | **Secured** | | |
| | Loan repayable on Demand | **1,819.09** | 3,986.59 |
| | Other Loans (Short term advances against Deposits) | **1,850.08** | - |
| | **Total current borrowings** | **3,669.17** | 3,986.59 |

a) 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 them.

b) The above loans carry varying rates of interests with the maximum rate of interest being 13.50% (As at 31 March 2019: 14.20%) per annum. The weighted average rate of interest of these loans is 11.23% (2018-19: 12.78%) per annum.

c) Other short term advances against deposits are obtained for workings capital purpose which carry varying rate of interests with the maximum rate of interest being 8.35%. The weighted average rate of interest of these loans is 7.89% (2018-19: Nil) per annum.

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **19** | **Trade payables** | | |
| | Acceptances | **-** | - |
| | Trade payables | | |
| | (i) dues to Micro and Small Enterprises (Refer note 31B) | **38.97** | 91.97 |
| | (ii) dues to other than Micro and Small Enterprises | **5,655.31** | 6,421.13 |
| | (iii) dues to related parties | **1.53** | 9.61 |
| | | **5,695.81** | 6,522.71 |
| **20** | **Other Current Financial Liabilities** | | |
| | Interest accrued | **45.02** | 0.00 |
| | Unclaimed dividends * | **71.39** | 36.73 |
| | Deposits | **10.75** | 10.00 |
| | Other Expenses payable | **670.56** | 403.40 |
| | | **797.72** | 450.13 |
| | * Amount to be credited to Investor Education and Protection Fund | **Nil** | Nil |
| **21** | **Provisions - (Current)** | | |
| | **Provision for:** | | |
| | (a) Employee Benefits | | |
| | (i) Gratuity payable | **202.38** | 162.29 |
| | (ii) Compensated absences | **151.14** | 117.91 |
| | (iii) Ex-gratia payable | **187.50** | 348.00 |
| | (b) Provision for taxation (net of advance ) | **2794.61** | 3435.50 |
| | (c) Provision for Litigated claims | **511.02** | 264.07 |
| | | **3,846.65** | 4,327.77 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **22** | **Other Current Liabilities** | | |
| | Other Payables | | |
| | Statutory remittances due | **120.84** | 181.07 |
| | Others | **29.25** | 24.45 |
| | | **150.09** | 205.52 |

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **23.** | **Revenue from operations** | | |
| | Sale of products | **122,239.95** | 124,141.96 |
| | Sale of services | **12.99** | 13.93 |
| | Other operating revenues | **243.52** | 376.84 |
| | | **122,496.46** | 124,532.73 |
| | **Sale of services comprise** | | |
| | Effluent Treatment / Hydrogen Testing / Storage | **-** | - |
| | Steam / Others | **12.99** | 13.93 |
| | **Total - Sale of Services** | **12.99** | 13.93 |
| | **Other operating revenue comprises** | | |
| | Scrap sales | **243.52** | 376.84 |
| | **Total - Other operating revenue** | **243.52** | 376.84 |
| | | | |
| | **Basis on which the entity identifies the fulfilment of performance obligations** | | |
| | Upon Shipment (Ex-works) | **21,419.51** | 9,000.86 |
| | Upon Delivery (FOR Sales) | **100,820.44** | 115,141.10 |

Payment Terms (Generally between 0 and 30 days. Refer note 8 a)

Reconciliation of the amount of revenue recognised in Statement of Profit & Loss with discount etc. given to customers

| **Particulars** | | |
|---|---|---|
| Gross Revenue | **127,646.67** | 129,806.34 |
| Less : Discounts | **5,150.22** | 5,273.62 |
| **Total** | **122,496.45** | 124,532.72 |

**Disaggregation of Revenue**

| **Revenue by Product Lines** | | |
|---|---|---|
| LAB | **95,823.55** | 103,437.38 |
| Caustic Soda Lye | **12,911.16** | 13,751.59 |
| Chlorine and its Derivatives | **5,071.22** | 5,375.81 |
| Propylene Oxide | **8,434.02** | 1,577.18 |
| **Total** | **122,239.95** | 124,141.96 |
| **Revenue by Geographical Region** | | |
| India | **122,239.95** | 124,141.96 |
| Others | **-** | - |
| **Total** | **122,239.95** | 124,141.96 |
| **Revenue by timing of transfer of goods/services** | | |
| At a point in time | | |
| (i) Product line | **122,239.95** | 124,141.96 |
| (ii) Others | **256.50** | 390.77 |
| Over a period of time | **-** | - |
| **Total** | **122,496.45** | 124,532.73 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **24.** | **Other income** | | |
| | Interest | | |
| | From bank deposits | **613.34** | 414.40 |
| | From others | **151.21** | 23.07 |
| | Profit on sale of assets (net) | **7.49** | 0.81 |
| | Rental income from operating leases | **-** | 0.79 |
| | Insurance claim received | **48.62** | 250.08 |
| | Others | **4.24** | 7.01 |
| | | **824.89** | 696.16 |
| **25.** | **Cost of materials consumed** | | |
| | Opening stock | **2,903.16** | 3,703.96 |
| | Add: Purchases | **65,661.33** | 66,283.18 |
| | | **68,564.49** | 69,987.14 |
| | Less: Closing Stock | **3,692.95** | 2,903.16 |
| | Cost of material consumed | **64,871.54** | 67,083.98 |
| | Material consumed comprises: | | |
| | Kerosene | **33,708.03** | 37,317.29 |
| | Benzene | **16,924.99** | 19,009.77 |
| | Normal Paraffin | **7,007.32** | 8,150.23 |
| | Propylene | **4,154.74** | 819.17 |
| | Salt | **1,452.61** | 1,162.96 |
| | others | **1,623.86** | 624.57 |
| | | **64,871.54** | 67,083.98 |
| **26.** | **Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | |
| | **Inventories at the end of the year** | | |
| | Finished goods | **1,464.09** | 1,051.14 |
| | Work-in-progress | **236.17** | 1,398.94 |
| | | **1,700.26** | 2,450.08 |
| | **Inventories at the beginning of the year** | | |
| | Finished goods | **1,051.14** | 4126.48 |
| | Work-in-progress | **1,398.94** | 101.42 |
| | | **2,450.08** | 4227.90 |
| | | **749.82** | 1,777.82 |
| **27.** | **Employee benefits expense** | | |
| | Salaries and wages | **3,224.29** | 2,833.85 |
| | Contributions to provident and other funds | **287.95** | 356.84 |
| | Staff welfare expenses | **498.16** | 390.04 |
| | | **4,010.40** | 3,580.73 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **28.** | **Finance costs** | | |
| | Interest Expense on Borrowings | **534.73** | 245.27 |
| | Interest Expense on Lease liability | **12.95** | - |
| | Other Borrowing Costs* | **209.01** | 183.25 |
| | Other interest costs # | **182.38** | 256.83 |
| | | **939.07** | 685.35 |

*Includes charges incurred towards commitment charges, transaction charges and other bank changes.

#Includes charges incurred towards Interest on CENVAT Credit, Interest on customs duty and Interest on Security Deposit.

| | | | |
|---|---|---|---|
| **29.** | **Depreciation /Amortization** | | |
| | Depreciation on property, plant and equipment (owned assets) | **2,151.15** | 1999.66 |
| | Depreciation on Right of Use-Assets | **3.88** | - |
| | | **2,155.03** | 1,999.66 |
| **30.** | **Other expenses** | | |
| | Consumption of stores and spare parts | **3,469.22** | 3,884.33 |
| | Utilities consumed | **1,078.28** | 782.22 |
| | Power and fuel | **25,034.05** | 26,172.87 |
| | Renewable Energy Power Obligation (RPO) | **374.90** | 296.76 |
| | Rent including lease rentals (Refer Note No.39) | **205.75** | 164.71 |
| | Repairs to buildings | **398.75** | 327.73 |
| | Repairs to machinery | **2,528.27** | 2,140.55 |
| | Payment to Auditors: | | |
| | Towards audit fee | **30.00** | 20.00 |
| | For other services | **0.55** | 0.25 |
| | Insurance | **526.04** | 358.44 |
| | Rates and Taxes | **619.29** | 270.49 |
| | Freight and forwarding | **3,336.87** | 2,998.42 |
| | Net loss on foreign currency transactions (other than considered as finance cost) | **46.56** | - |
| | Loss on fixed assets sold/scrapped | **-** | 57.47 |
| | Provision for doubtful receivables | **-** | 27.69 |
| | Referral Charges | **4,468.84** | 4,057.56 |
| | Corporate Social Responsibility expense (Refer Note below) | **22.75** | 5.91 |
| | Miscellaneous expenses | **1,402.01** | 1,367.98 |
| | | **43,542.13** | 42,933.38 |

Notes:

The Company has spent ₹22.75 Lakh (2018-19: ₹5.91 Lakh) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

i) Gross amount required to be spent by the Company during the year: ₹75.45 Lakh (2018-19: ₹8.92 Lakh).

ii) Amount spent during the year on:

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| i) | Construction/acquisition of any asset | **-** | - |
| ii) | For purposes other than (i) above | **22.75** | 5.91 |
| **Total** | | **22.75** | 5.91 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **31.A** | **Provision for Litigated claims** | | |
| | Opening Balance | **2,289.39** | 1993.10 |
| | Additions | **621.85** | 309.88 |
| | Reversals/Utilised | **-** | (13.59) |
| | **Closing Balance** | **2,911.24** | 2,289.39 |
| | Non Current Provision for Litigated claims | **2,400.22** | 2,025.31 |
| | Current Provision for Litigated claims | **511.02** | 264.08 |
| | **Total** | **2,911.24** | 2,289.39 |

*Provision made for litigations with respect to cases pending under Excise Duty, Electricity act, Open Space Reservation charges, C-Form & demand from TNPCB.

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

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| a) | The principal amount remaining unpaid to any supplier at the end of the year | **38.97** | 91.97 |
| b) | Interest due remaining unpaid to any supplier at the end of the year | **-** | - |
| c) | The amount of interest paid by the buyer in terms of section 16 of the MSMED Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | **-** | - |
| d) | The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,2006 | **-** | - |
| e) | The amount of interest accrued and remaining unpaid at the end of each accounting year | **-** | - |
| f) | The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act ,2006 | **-** | - |

**32 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.

| | For the year | |
|---|---|---|
| **Particulars** | **2019-20** | 2018-19 |
| Contribution to provident fund recognised in profit and loss | **137.19** | 104.91 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

**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 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **A.** | **Change in Defined Benefit Obligation (DBO) during the year:** | **1,001.52** | 849.02 |
| | **Present value DBO at the beginning of the year** | | |
| | Service cost | **51.66** | 51.00 |
| | Interest cost | **67.11** | 61.22 |
| | Re-measurment (gain)/loss | **292.03** | 92.69 |
| | Actuarial (gain)/loss arising from experience adjustments | **-** | - |
| | Benefits paid | **(132.45)** | (52.41) |
| | **Present value DBO at the end of the year** | **1,279.86** | 1,001.52 |
| **B.** | **Change in fair value of plan assets during the year:** | | |
| | **Fair value of plan assets as at beginning of the year** | **839.22** | 531.09 |
| | Expected return on planned assets | **66.36** | 39.87 |
| | Contributions | **300.00** | 187.20 |
| | Benefits paid | **(128.79)** | (51.95) |
| | Re-measurement gain/(loss) | **0.69** | 133.01 |
| | **Fair value of plan asset at the end of the year** | **1,077.48** | 839.22 |
| **C.** | **Amount recognised in the balance sheet** | | |
| | Present value DBO at the end of the year | **1,279.86** | 1,001.52 |
| | Fair value of the plan assets at the end of the year | **1,077.48** | 839.22 |
| | **(Liability) / Asset recognised in the Balance sheet - net** | **(202.38)** | (162.30) |
| **D.** | **Components of employer expenses:** | | |
| | Current service cost | **51.66** | 51.00 |
| | Interest cost/ (income) on net defined benefit obligation | **0.75** | 21.35 |
| | **Expense recognised in Statement of Profit and Loss** | **52.41** | 72.34 |
| **E.** | **Re-measurement on the net defined benefit obligation** | | |
| | Return on plan assets (excluding interest income) | **(0.69)** | 52.51 |
| | Actuarial loss arising from changes in financial assumptions | **94.64** | (10.83) |
| | Actuarial loss arising from changes in experience adjustments | **197.39** | (82.00) |
| | **Re-measurements Expense/(Income) recognised as other comprehensive income** | **291.33** | (40.32) |
| | **Total defined benefit cost recognised** | **343.75** | 32.02 |

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 |
|---|---|---|
| **F.** | **Net defined benefit liability (asset) reconciliation:** | |
| | 1. Net Defined Benefit Liability/(Asset) as at31st March, 2020 | **162.29** |
| | 2. Net Defined Benefit Cost for the period | **343.75** |
| | Amount recognised in P&L account | **52.41** |
| | Amount recognised as OCI | **291.33** |
| | 3. Benefit payments made directly by the company | **(3.66)** |
| | 4. Actual contributions by the company | **(300.00)** |
| | **Net Defined Benefit Liability/(Asset) as at 31st March, 2020 - (1+2+3+4)** | **202.38** |

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **G.** | **Major categories of plan assets:** | | |
| | Insurer-managed funds | **1,077.48** | 839.22 |
| | **Total** | **1,077.48** | 839.22 |

| | | As at 31st March, 2020 |
|---|---|---|
| **H.** | **Expected cash flows for following year:** | |
| | Expected total benefit payments | |
| | Year 1 | **225.28** |
| | Year 2 to Year 5 | **755.92** |
| | Year 6 to Year 10 | **445.81** |
| | Year 11 to Year 15 | **170.38** |
| | More than 15 Years | **181.51** |
| | Liability Duration in years (Weighted by discounted cash flows) | **5.11** |

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **I.** | **ASSUMPTIONS** | | |
| | The principal assumptions used for the purposes of the actuarial valuations are given below: | | |
| | Discount rate | **6.33%** | 7.18% |
| | Salary escalation rate | **6%** | 5% |
| | Employee turnover rates | **10%** | 10% |
| | Mortality rates * | **IALM 2012-14** | IALM 2012-14 |

* IALM : Indian Assured Lives Moratality modified Ult.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|---|
| J. | **Sensitivity analysis - DBO at the end of the year** | | | |
| | i. | Discount +1% | **1226.98** | 961.87 |
| | ii. | Discount -1% | **1337.99** | 1044.74 |
| | iii. | Escalation +1% | **1337.02** | 1044.63 |
| | iv. | Escalation -1% | **1226.91** | 961.29 |
| | v. | Attrition : 25% increase | **1281.16** | 1011.56 |
| | vi. | Attrition : 25% decrease | **1278.05** | 989.10 |

**K. Key risk:**

**Actuarial Risk -** The risks that benefits costs more than expected. All assumptions used to project the liability cash-flows area source of risk. If actual experience turns out to be worse than expected experience - there could be a risk of being unable to meet the liabilities as and when they fall due. E.g. If assumed salary growth rates turns out to be lesser than reality - this could cause a risk that the provisions are inadequate in comparison to the actual benefits required to be paid.

**Investment Risk -** The amounts invested by the company in the LIC policy is usually not subject to market fluctuation risk - the returns are not guaranteed but usually these are non-negative returns, declared by the insurer. Hence Investment risk - due to change in the market value of the investment(s) done by the company - is considered to be negligible. The only other point to consider is the MVA applied on bulk withdrawal, however the chances of an MVA being applied are also considered to be small for this scheme.

**Liquidity Risk-** The investments are made in an insurance policy which is also very liquid - withdrawals can happen at any time. There could be a Market Value adjustment (MVA) imposed for bulk withdrawals done by the company at an untoward time - however chances of this occurring can be considered to be small. Also surrender charges are also minimal at later durations. Hence the investments are considered to be fairly liquid.

**Legislative Risk-** There could be changes to Regulation/legislation governing this Plan that could affect the Company adversely (e.g. introduction of a minimum benefit). The changes in regulation could potentially increase the plan liabilities.

Notes:

i) The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

ii) The expected / actual return on Plan Assets is as furnished by LIC.

iii) The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **33** | **Contingent Liabilities and commitments:** | | |
| **A.** | **Contingent liabilities:** | | |
| | **Disputed Demands under Appeals** | | |
| i) | Sales Tax | **1,731.25** | 1,731.25 |
| ii) | Excise Duty* | **70.86** | 245.66 |
| iii) | Service Tax* | **102.47** | 415.86 |
| iv) | Income Tax | **2,992.38** | 2,982.80 |

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.

* The Sabka Vishwas Scheme 2019 is a scheme introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts. The company made an application under Legacy Dispute Resolution for certain old issues based on expert opinion and received orders granting substantial relief in the form of full waivers of interest, penalties and fines amounting to ₹295.75 Lakh. Tax after relief was paid in during the year amounting to ₹69.39 Lakh.

| | | | |
|---|---|---|---|
| v) | Electricity Tax | **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.

This case refers to levy and payment of Electricity Tax on the Consumption or Sale of Electricity. The parties involved in the case are TPL, State of TN & TNEB. Special Leave Petition has been filed challenging the Order of the Hon'ble High Court dismissing the Company's Writ Petition (W.P.M.No. 1 OF 2007 In W.P.No.36925 OF 2007) challenging the Validation Act No. 38 of 2007 called as Tamil Nadu Tax on Consumption or Sale of Electricity (Amendment) Act, 2007. We have preferred a special leave petition in SLP (C) CC No. 20636 of 2012 against the judgment of the Hon'ble High Court of Madras dated 15th June, 2012.

On 9th November 2012 Orders have been passed stating that "the respondents are restrained from taking any coercive steps for disconnection supply of electricity to petitioners' premises, subject to the petitioners' paying all the charges / dues except the tax calculated on the basis of maximum demand".

The Hon'ble Supreme Court has granted a stay of the maximum demand component of tax on consumption alone. The Electricity Tax on self-generation is being calculated and paid without prejudice to our rights. Upon hearing the counsel arguments on 25th September, 2018, the Hon'ble Supreme Court advised that the both Parties should avoid further litigation and work out a compromise arrangement. But the State Government at the next hearing informed the Hon'ble Supreme Court that settlement would not be possible and the Hon'ble Supreme Court admitted the same.

The Chief Electrical Inspectorate to Govt., issued E1 notice informing liability for the Electricity Tax of 5% on the basic power cost purchased from the IEX platform. TPL was asked to comply with the Electricity tax Act and submit the details of the basic cost of IEX Power Purchased during this year along with the total quantum. It was informed by them that the Electricity Tax of 5% shall be applicable for the entire purchased value along with applicable 12% interest for the delay period. Since this is the mandatory statutory requirement, the details regarding value of IEX power purchased has been furnished to the electricity department.

All amounts are in ₹ lakh unless otherwise stated

| | | |
|---|---|---|
| vi) Cross Subsidy Charge under Group Captive Scheme | **6,130.48** | 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 form various class of power sources. The Company has received a demand from Tamilnadu Electricity Board (TNEB) for ₹61.30 crore 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 and obtained stay on the demand. This is expected to be disposed off in favour of the power producers.

**B. Commitments**

| | | |
|---|---|---|
| Capital commitments | **173.60** | 750.33 |

**34. Details on derivative instruments and unhedged foreign currency exposures**

(i) Outstanding forward exchange contracts entered into by the Company as on 31st March, 2020: 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 |
|---|---|---|---|
| Amount receivable in foreign currency - Exports | USD | - | - |
| Amount payable in foreign currency - Imports | USD | 85,445 | 64.21 |
| | USD | (89,333) | (61.77) |

Figures in brackets are in respect of previous year

**35** The Chief Operating Decision Maker (CODM) has considered manufacturing of industrial intermediate chemicals as the single operating segment as defined in Ind AS 108- Operating Segments.,

**36 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.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

**(ii) Loan covenants**

The Company has no term loans outstanding as on 31st March 2020.The covenants are restricted to working capital facilities offered by the bankers.

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Categories of financial instruments** | | |
| **A. Financial assets** | | |
| Measured at Fair value through profit or loss (FVTPL): | | |
| Security Deposits | **93.37** | 106.68 |
| Investments in equity instruments under Group Captive Scheme | **146.73** | 135.72 |
| Measured at Amortised cost | **-** | - |
| - Cash and bank balances | **8,451.85** | 8,519.99 |
| - Other financial assets | **5,264.07** | 7,273.43 |
| Measured at Cost | **-** | - |
| - Investments in Equity instruments in subsidiaries | **9,645.13** | 9,645.13 |
| **Total** | **23,601.15** | 25,680.95 |
| **B. Financial liabilities** | | |
| Measured at amortised cost | | |
| Trade payables | **5,695.81** | 6,522.71 |
| Borrowings | **3,669.17** | 3,986.59 |
| Lease Liabilities | **117.16** | - |
| Other financial liabilities | **823.85** | 476.26 |
| **Total** | **10,305.99** | 10,985.57 |

**Fair value hierarchy**

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value hierarchy of assets and liabilities as at 31st March, 2020 is as follows:

| | Total | Fair value measurement at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in equity instruments | 146.73 | - | - | 146.73 |
| | (135.72) | - | - | (135.72) |
| Other Investments | 93.37 | - | - | 93.37 |
| | (106.68) | - | - | (106.68) |

Figures in brackets relate to previous year.

**(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.

**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. Further where required the company obtains bank guarantee as security for goods sold.

**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 in deposits with reputed banks and short-term liquid funds

The Company has no exposure to credit risk relating to these cash deposits as at 31st March 2020.

**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 .

All amounts are in ₹ lakh unless otherwise stated

**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 expected to occur within a maximum of 12 month period of forecasted receipts and payments. 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 not 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 2020, does not carry any loans with variable interest.

**c. Liquidity Risk**

Liquidity Risk refers to the risk that the company cannot meets its financial obligation, the objective of the liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company consistently generated sufficient cash flows from operations to meet its financial obligation including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Year Ended 31st March, 2020** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 5,695.81 | - | - | - | 5,695.81 |
| Borrowings | 3,669.17 | - | - | - | 3,669.17 |
| Lease liabilities | 11.86 | 10.68 | 26.11 | 68.51 | 117.16 |
| Other financial liabilities | 797.72 | 26.13 | - | - | 823.85 |
| **Total** | **10,174.56** | **36.81** | **26.11** | **68.51** | **10,305.99** |

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Year Ended 31st March, 2019** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 6,522.71 | - | - | - | 6,522.71 |
| Borrowings | 3,986.59 | - | - | - | 3,986.59 |
| Lease liabilities | - | - | - | - | - |
| Other financial liabilities | 450.13 | 26.13 | - | - | 476.26 |
| **Total** | **10,959.44** | **26.13** | **-** | **-** | **10,985.57** |

37 In view of the Government of India's Order under the Disaster Management Act, 2005 to implement complete lock down in all parts of India with effect from 25th March 2020 to contain spread of COVID-19 virus, the operations of the plants were shut down. This has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, sales and profitability. The operations of the Units restarted in phases from 2nd week of April 2020, duly following the Government guidelines. Though the sale of LAB being input for surfactant/disinfectant products was not materially impacted, the demand for caustic and Propylene Oxide off-take have been significantly lower due to the end-use industries remaining shutdown for longer periods. The demand for these products are yet to recuperate fully and it is not certain how long the situation would continue.

All amounts are in ₹ lakh unless otherwise stated

The Company has considered the impact that may arise from the pandemic situation on the carrying amount of its assets including inventory and receivables as at the date of the year. Based on the current assessment it is expected that the net carrying amount of the said assets will be recovered. As at the date of approval of these results, it is not possible to reliably estimate the future financial effect of the situation on the Company's operations as normalcy is yet to return. The impact assessment is a continuing process given the uncertainties associated with nature and duration of the current situation. The eventual impact may differ from what has been assessed by the Management as at the date of approval of these financial results. The Company will continue to closely monitor any material changes in future economic conditions and take appropriate actions as may be required

The Auditors have included an Emphasis of Matter para in their report on the financials regarding the same.

**38. Related Party Disclosure**

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

A) Entities having Joint control of TPL
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 (strike off on 6th January, 2020)

C) Associates of Joint Venturers
1. Manali Petrochemicals limited
2. Tuticorin Alkali Chemicals and Fertilizers Ltd.,
3. AMCHEM Speciality Chemical Pvt. Ltd., Singapore

**(ii) Related Party Transactions**

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

**The following transactions were carried out with the Related Parties.**

| | Entities having Joint control of TPL | Subsidiaries | Associates of Joint Venturers |
|---|---|---|---|
| **Sale of Goods** | | | |
| a) SPIC | 63.70<br>(63.79) | | |
| b) MPL | | | 11,106.70<br>(3,048.78) |
| **Sale of services** | | | |
| a) MPL | | | 13.99<br>(13.45) |
| **Purchase of goods** | | | |
| a) MPL | | | 2,847.60<br>(71.25) |
| b) TAC | | | 6.11<br>(29.05) |

All amounts are in ₹ lakh unless otherwise stated

| | Entities having Joint control of TPL | Subsidiaries | Associates of Joint Venturers |
|---|---|---|---|
| **Services Availed** | | | |
| a) MPL - i) Effluent Line Usage | | | 15.73 |
| | | | (15.46) |
| ii) Management services | | | 118.00 |
| b) AMCHEM Speciality Chemicals | | | 141.76 |
| | | | (106.03) |
| **Reimbursement of expenses** | | | |
| a) SPIC | 0.84 | | |
| | (0.62) | | |
| b) TAC | | | - |
| | | | (3.35) |
| **Balance outstanding** | | | |
| a) SPIC | 1.96 | | |
| | (10.08) | | |
| b) MPL | | | 1,224.18 |
| | | | (1,087.92) |
| Deposit with MPL | | | 155.45 |
| | | | (168.78) |
| **Other Receivables** | | | |
| a) MPL | | | 3.59 |
| | | | (15.91) |
| **Other payables** | | | |
| a) SPIC | 0.54 | | |
| | (0.35) | | |
| b) MPL | | | 4.27 |
| | | | (47.45) |
| c) CITL | | 1.53 | |
| | | (9.61) | |

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.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

**39.** The company has warehouse under short term lease agreements that are renewable on a periodic basis.

The company incurred ₹97.02 lakh for the year ended 31st March, 2020 towards expenses relating to Short term leases and leases of low value assets. The total cash outflow for leases is ₹110.53 lakh for the year ended 31st March, 2020 including short term leases and leases of low value assets.

Future Minimum Rentals Payable under non-cancellable short term leases and leases of low value assets are as follows:

| **Lease Rentals:** | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|
| Within one year | **103.20** | 97.64 |
| After one year , but not more than five years | **28.32** | 28.32 |
| Later than five years | **-** | - |

**40. Earnings per share**

| | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|
| Profit after taxation (₹ In lacs) | **5,507.88** | 5,427.49 |
| Weighted number of equity shares outstanding | **89,971,474** | 89,971,474 |
| Basic and diluted earnings per share- (Face value – ₹10/- per share) (in ₹) | **6.12** | 6.03 |

**41. Events after the reporting period**

The Board of Directors have recommended a dividend of ₹1.50/- per share 15% on 8,99,71,474 equity shares of ₹10/- each for the Financial Year 2019-20 subject to approval of Members at the Annual General Meeting.

**42. Approval of financial statements**

The financial statements were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on 15th June, 2020.

**43. Previous Year's figures**

The Company has reclassified / regrouped previous year figures to make it comparable where ever required.

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In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated 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 31$^{st}$ March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended and the notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31$^{st}$ March 2020 and its consolidated profit and other comprehensive income, the consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| **Accounting for legal and other contractual claims** | **Our Response** |
|---|---|
| The Holding Company's operations expose it to the risk of litigation and contractual claims from third parties including statutory authorities. The recognition and valuation of exposure to tax & other legal framework related disputes, demands and claims across various specific matters due to the range of potential expected outcomes, requires the exercise of management judgement upon the probability of their incurrence and in assessing the amounts recorded and estimates relating to the timing and the amount of outflow of resources embodying economic benefits and the consequential disclosures made in the financial statements.<br><br>For those exposures where provision is made, the use of estimates within those provisions gives rise to inherent subjectivity in the amounts recorded in the financial statements.<br><br>For those exposures where no provision has been made, the obligation to disclose the nature and estimate of its financial impact gives rise to further judgement in the disclosure within the financial statements. | We assessed and tested the judgements made by the management with corroborative enquiries, including status update, future course of action contemplated by the Holding Company. In particular, we challenged the expectation of outcomes by assessing against past events or agreeing to supporting evidence and compared with our expectations.<br><br>We obtained confirmation from the legal attorneys of the company and considered their opinions with our assessments of the probability in the outcomes. |

### Emphasis of Matter

We draw attention to Note no.37 in the consolidated financial statements wherein the Group has disclosed the impact of COVID-19 pandemic on its current and future financial performance. Considering the uncertainties involved in the future economic scenario which is based on various external factors outside the control of the company, the management's assumptions and estimates on operational and financial performance of the Group would largely depend on future developments as they emerge as stated in the said note. Our opinion on the consolidated financial statement is not modified in respect of this matter.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Report on

Corporate Governance but does not include the standalone and consolidated financial statements and our respective auditor's report thereon. The other information referred to above is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these consolidated 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 relevant Rules framed thereunder.

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 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 financial statements by the Directors of the Holding Company, as aforesaid.

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

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company or its' subsidiaries which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent

auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

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

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

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

**Other Matters**

1. Due to prevailing lockdown conditions and travel restrictions due to COVID-19, we were unable to participate in the physical verification of Cash and Inventory as at 31st March 2020 of the Holding Company. Consequently, we have adopted alternative audit procedures as per the guidance note issued by the ICAI on physical Inventory verification – Key audit consideration amid COVID-19 and SA 501- Audit evidence – Specific Considerations for selected items and have obtained sufficient and appropriate audit evidence to issue our unmodified audit opinion in respect of the above on the consolidated financial statements. Our opinion is not modified in respect of this matter.

2. The Group comprises of the Holding Company and the following foreign subsidiaries:

   A. Certus Investment and Trading Ltd (CITL), Mauritius and the step- down subsidiaries:

      a. Certus Investment and Trading (S) Private Ltd (CITL), Singapore

      b. Proteus Petrochemicals Private Ltd (up to January 6,2020),

We did not audit the financial statements of the above three subsidiaries whose consolidated financial statements reflect total assets of ₹ 12,752.57 lakh as at 31st March, 2020 (PY: ₹ 11,326.80 lakh), total revenue of ₹ 872.80 lakh for the year ended on that date (PY: ₹ 317.50 lakh), total net profit after tax of ₹ 820.23 lakh (PY ₹ 275.77 lakh), net cash flows amounting to ₹ 726.84 lakh (PY ₹ 908.28 lakh) and other comprehensive income of NIL (PY- NIL) for the year ended on that date, as considered in the consolidated financial statements. The financial statements of these 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors

Our opinion on the consolidated 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 and the financial statements certified by the Management.

**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, as applicable, on the respective 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 Group 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 financial statements.

   d) In our opinion, the aforesaid consolidated 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, 2020 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, 2020 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 Holding Company and the operating effectiveness of such controls, refer our report in **Annexure-A**. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls with reference to consolidated financial statements.

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g) With respect to other matters to be included in the Auditor's Report in accordance with the requirement of section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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. Note no.33 and 34A to the consolidated financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group has certain long-term contracts for which there are no material foreseeable losses. The Group did not have any derivative contracts.

   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)
UDIN: 20206520AAAACB1460

Chennai
15th June 2020

## ANNEXURE A TO THE INDEPENDENT AUDITORS' 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 Financial Statements of the Holding Company, for the year ended 31st March 2020**

In conjunction with our audit of the Consolidated Financial Statements of **Tamilnadu Petroproducts Limited** (hereinafter referred to as 'the Holding Company") as of and for the year ended March 31, 2020, we have audited the Internal Financial Controls Over Financial Reporting of the Holding Company, as of that date. All the subsidiaries of the Holding Company are companies incorporated outside India.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the of the Holding 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 (ICAI). 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 ("the Act").

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding 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 Control Over Financial Reporting issued by the ICAI 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 Holding 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 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 Holding Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 ICAI.

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

**Mahesh Krishnan**
Partner
(Membership No. 206520)
UDIN: 20206520AAAACB1460

Chennai
15th June 2020

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## Consolidated Balance Sheet as at 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| ASSETS | Notes | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| a) Property, Plant and Equipment | 3A | **29,038.83** | 23,024.94 |
| b) Capital work-in-progress | | **304.66** | 2,033.68 |
| c) Investment Property | 3B | **20.68** | 20.68 |
| d) Right of Use-Assets | 3C | **113.84** | - |
| e) Financial assets | | | |
| i) Investments | | | |
| Other Investments | 4 | **146.72** | 135.72 |
| ii) Other financial assets | 5 | **93.35** | 106.68 |
| f) Other non-current assets | 6 | **1,906.49** | 787.10 |
| **Total Non-Current Assets** | | **31,624.56** | 26,108.80 |
| **Current assets** | | | |
| a) Inventories | 7 | **7,826.22** | 7,876.31 |
| b) Financial assets | | | |
| i) Trade Receivables | 8 | **4,984.96** | 7,165.65 |
| ii) Cash and Cash equivalents | 9A | **12,036.93** | 11,313.17 |
| iii) Bank balances other than ii) above | 9B | **9,159.82** | 8,516.28 |
| iv) Other financial assets | 10 | **282.31** | 107.78 |
| c) Other Current assets | 11 | **1,493.93** | 1,856.03 |
| d) Assets classified as held for sale | 12 | **-** | 0.60 |
| **Total Current Assets** | | **35,784.17** | 36,835.81 |
| **TOTAL ASSETS** | | **67,408.73** | 62,944.61 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a) Equity share capital | 13 | **8,997.15** | 8,997.15 |
| b) Other Equity | 14 | **39,161.62** | 33,516.94 |
| **Total Equity** | | **48,158.76** | 42,514.09 |
| **Liabilities** | | | |
| **Non-Current liabilities** | | | |
| a) Financial liabilities | | | |
| i) Other financial liabilities | 15 | **143.30** | 26.14 |
| b) Provisions | 16 | **2,800.05** | 2,346.82 |
| c) Deferred tax liabilities (net) | 17 | **2,133.03** | 2,536.94 |
| **Total non-current liabilities** | | **5,076.38** | 4,909.91 |
| **Current liabilities** | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 18 | **3,669.17** | 3,986.59 |
| ii) Trade payables | 19 | | |
| Total Outstanding dues of Micro & Small Enterprises | | **38.97** | 91.97 |
| Total Outstanding dues of creditors other than Micro & Small Enterprises | | **5,667.94** | 6,451.13 |
| iii) Other current financial liabilities | 20 | **797.71** | 450.13 |
| b) Provisions | 21 | **3,849.70** | 4,335.27 |
| c) Other current liabilities | 22 | **150.09** | 205.52 |
| **Total Current liabilities** | | **14,173.59** | 15,520.62 |
| **Total liabilities** | | **19,249.97** | 20,430.52 |
| **TOTAL EQUITY AND LIABILITIES** | | **67,408.73** | 62,944.61 |
| 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

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | Notes | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 23 | 122,496.46 | 124,532.73 |
| Other income | 24 | 1,697.69 | 1,013.65 |
| **Total Revenue** | | 124,194.14 | 125,546.37 |
| **EXPENSES** | | | |
| Cost of Materials consumed | 25 | 64,871.54 | 67,083.98 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-trade | 26 | 749.82 | 1,777.82 |
| Employee benefits expense | 27 | 4,010.40 | 3,580.73 |
| Finance costs | 28 | 940.46 | 685.35 |
| Depreciation / Amortization Costs | 29 | 2,155.03 | 1,999.66 |
| Other expenses | 30 | 43,582.38 | 42,967.60 |
| **Total expenses** | | 116,309.63 | 118,095.14 |
| **Profit before tax** | | 7,884.51 | 7,451.24 |
| **Tax expense** | | | |
| a) Current tax | | 1,960.33 | 2,682.57 |
| b) MAT Credit | | | |
| - Entitlement | | - | - |
| - Utilisation / withdrawn | | 335.86 | (1,120.67) |
| Deferred tax | 17 | (739.79) | (11.48) |
| Provision for tax relating to prior years | | - | 197.58 |
| **Net current tax expense** | | 1,556.40 | 1,748.00 |
| **Profit for the year** | | 6,328.11 | 5,703.24 |
| Other Comprehensive income | | | |
| (i) Items that will not be reclassified to Profit or (Loss) | | | |
| Re-measurement of Defined Benefit Plan (Net) | | (218.01) | 40.32 |
| (ii) Items that will be reclassified to Profit or Loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | 619.23 | 630.95 |
| **Total Comprehensive income** | | 6,729.33 | 6,374.51 |
| Earnings per equity share (in ₹). | | | |
| Basic and Diluted | | 7.03 | 6.34 |
| 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

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

**Consolidated Statement of Changes in Equity for the year ended 31st March, 2020**

All amounts are in ₹ lakh unless otherwise stated

**A. Equity Share Capital**

| Particulars | Amount |
|---|---|
| **Balance as at April 01,2018** | 8997.15 |
| Changes in Equity Share capital during the year | - |
| **Balance as at March 31,2019** | 8997.15 |
| Changes in Equity Share capital during the year | - |
| **Balance as at March 31,2020** | 8997.15 |

**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 Plan | Exchange Gain/ (Loss) arising on translation of foreign Operations | |
| **Balance as at April 01,2018** | **13,859.94** | **4,611.57** | **42.23** | **1,986.18** | **7,420.83** | **(63.91)** | **(172.03)** | **27,684.81** |
| Profit for the year | | | | | 5,703.24 | | | 5,703.24 |
| Dividend on Equity Shares | | | | | (542.38) | | | (542.38) |
| Remeasurement of Defined Benefit Plan (Net) | | | | | | 40.32 | | 40.32 |
| Exchange differences in translation of foreign operations | | | | | | | 630.95 | 630.95 |
| **Balance as at March 31,2019** | **13,859.94** | **4,611.57** | **42.23** | **1,986.18** | **12,581.69** | **(23.59)** | **458.92** | **33,516.94** |
| **Balance as at April 01,2019** | **13,859.94** | **4,611.57** | **42.23** | **1,986.18** | **12,581.69** | **(23.59)** | **458.92** | **33,516.94** |
| Profit for the year | | | | | 6,328.11 | | | 6,328.11 |
| Dividend on Equity Shares | | | | | (1,084.65) | | | (1,084.65) |
| Remeasurement of Defined Benefit Plan (Net) | | | | | | (218.01) | | (218.01) |
| Exchange differences in translation of foreign operations | | | | | | | 619.23 | 619.23 |
| **Balance as at March 31,2020** | **13,859.94** | **4,611.57** | **42.23** | **1,986.18** | **17,825.15** | **(241.60)** | **1,078.15** | **39,161.62** |

* Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to IND AS as on April 01,2017.

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

In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

TPL

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | Year ended 31st March, 2020 | | Year ended 31st March, 2019 |
|---|---|---|---|---|---|
| **A** | **Cash flow from operating activities:** | | | | |
| | **Profit before tax** | | **7,884.51** | | 7,451.24 |
| | Adjustments for: | | | | |
| | Depreciation / Amortization Costs | **2,155.03** | | 1,999.66 | |
| | Profit on sale of property | **(7.49)** | | - | |
| | Loss on fixed assets sold/scrapped | **-** | | 57.47 | |
| | Finance costs | **940.46** | | 685.35 | |
| | Interest income | **(1,637.35)** | | (754.96) | |
| | Income from Mutual funds | **-** | | (3.10) | |
| | Provision for doubtful receivables | **-** | | 27.69 | |
| | Employee benefit obligation | **(291.33)** | | 40.32 | |
| | Exchange differences in translating the financial statements of foreign operations | **619.23** | | 630.95 | |
| | | | **1,778.55** | | 2,683.38 |
| | **Operating profit before working capital changes** | | **9,663.06** | | 10,134.62 |
| | **Changes in working capital:** | | | | |
| | Adjustments for (increase) / decrease in operating assets: | | | | |
| | Inventories | **50.09** | | 2,713.03 | |
| | Trade receivables | **2,180.69** | | (535.71) | |
| | Other financial assets | **23.05** | | 36.33 | |
| | Other assets | **(961.62)** | | 87.51 | |
| | Adjustments for increase / (decrease) in operating liabilities: | | | | |
| | Trade payables | **(836.18)** | | (3,427.90) | |
| | Provision and other current liabilities | **557.57** | | 278.67 | |
| | Other financial liabilities | **430.09** | | 53.33 | |
| | | | **1,443.69** | | (794.74) |
| | Cash generated from operations | | **11,106.76** | | 9,339.88 |
| | Net income tax (paid) | | **(2,532.89)** | | (1,529.96) |
| | **Net cash (used in) / generated from operating activities - (A)** | | **8,573.86** | | 7,809.92 |
| **B** | **Cash flow from investing activities:** | | | | |
| | Payments to acquire property, plant and equipment, including capital advances | **(6,348.84)** | | (4,290.07) | |
| | Proceeds from sale of Property, Plant and Equipment | **8.09** | | - | |
| | Investments in / (Sale of) Equity shares | **(11.01)** | | 183.20 | |
| | Investments in Fixed deposits with Bank | **(571.88)** | | (3,711.18) | |
| | Interest received - others | **1,453.08** | | 715.80 | |
| | Income from Mutual funds / Hedge reserve | **-** | | 3.10 | |
| | Bank balances not considered as cash and cash equivalents | **(71.66)** | | 971.07 | |
| | | | **(5,542.22)** | | (6,128.07) |
| | **Net cash (used in) / generated from investing activities – (B)** | | **(5,542.22)** | | (6,128.07) |

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | **Year ended 31st March, 2020** | | Year ended 31st March, 2019 |
|---|---|---|---|---|---|
| **C** | **Cash flow from financing activities:** | | | | |
| | Repayment of long-term borrowings | **-** | | - | |
| | Net increase / (decrease) in working capital borrowings | **(317.42)** | | 387.14 | |
| | Finance costs | **(940.46)** | | (685.35) | |
| | Dividends paid | **(1,050.00)** | | (549.92) | |
| | | | **(2,307.88)** | | (848.13) |
| | **Net cash (used in)/generated financing activities – C** | | **(2,307.88)** | | (848.13) |
| | **Net increase/(decrease) in cash and cash equivalents – (A+B+C)** | | **723.77** | | 833.72 |
| | Add: Cash and cash equivalents at the beginning of the year | | **11,313.17** | | 10,479.45 |
| | **Cash and cash equivalents at the end of the year (Refer Note 9A)** | | **12,036.93** | | 11,313.17 |
| | | | **(723.77)** | | (833.72) |

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 the financial statements

### Change in Liability arising from Financing Activities:

| | 1st April, 2019 | Cash flow | **31st March,2020** |
|---|---|---|---|
| Borrowing – Current (Refer Note 18) | 3,986.59 | (317.42) | **3,669.17** |
| **Total** | 3,986.59 | (317.42) | **3,669.17** |

| | 1st April, 2018 | Cash flow | 31st March,2019 |
|---|---|---|---|
| Borrowing – Current (Refer Note 18) | 3,599.46 | 387.14 | 3,986.59 |
| **Total** | 3,599.46 | 387.14 | 3,986.59 |

In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

# Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

## 1. General Information:

### Corporate Information

Tamilnadu Petroproducts Limited (TPL) CIN NO: L23200TN1984PLCO10931 is a Public Limited Company incorporated and domiciled in India, jointly promoted by Southern Petrochemical 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 ("CFS") relates to Tamilnadu Petroproducts Limited ("the Parent"), its subsidiaries (together, "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 % | 31.03.2020 audited |
| Certus Investment and Trading(S) Pvt. Ltd* | Subsidiary | Singapore | 100 % | 31.03.2020 audited |
| Proteus Petrochemicals Pvt. Ltd | Subsidiary | Singapore | 100 % | Struck off during the year. |

*Shareholding is through Certus Investment & Trading Ltd

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

## 2. Basis of Preparation, Measurement and Significant Accounting Policies:

### 2.1 Basis of Preparation and Measurement:

#### (a) Basis of preparation and consolidation:

These Consolidated Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated Financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained it's operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Subsidiaries are entities where the group exercise control or hold more than one-half of its total share capital. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intragroup balances, intra-group transactions and the unrealized profits/losses, unless cost/revenue cannot be recovered.

The Consolidated Financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Companies are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the group have been reflected as "0" in the relevant notes to these financial statements.

The Consolidated Financial statements of the Group for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 15, 2020.

**(b) Basis of measurement:**

These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

**2.2 Key accounting estimates and judgments:**

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.

The principal accounting policies are set out below:

**2.3 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.

**b) Foreign currency translation:**

The consolidated financial statements are presented in Indian Rupee, which is the parent 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:

**2.4 Revenue recognition:**

The Group derives revenue primarily from sale of industrial intermediate chemicals viz Linear Alkyl Benzene, Caustic Soda Lye and its Derivatives, besides Propylene Oxide.

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**

Revenue recognition 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.

**2.5 Sale of goods:**

Revenue disclosed is net of discounts and Goods and service tax. For sale of manufactured/traded products of the Company, the performance obligation is satisfied as and when the customer generally obtains control of the goods despatched.

In the absence of any specific performance obligation post sale of products, the Company recognizes revenue when there is no uncertainty as to measurement or collectability of the consideration.

**2.6 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.

**2.7 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.

**2.8 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 gains or loss is reported on net basis and includes gain or loss in respect of concluded forward contracts.

**2.9 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, which are recognised in Other comprehensive income and later to statement of profit and loss.

**2.10 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.

**2.11 Employee benefits:**

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

**2.11.1 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 Government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**2.11.2 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.

**2.11.3 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.

**2.11.4 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.

**2.12 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.

**2.13 Taxes on Income:**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

- **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.

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

- **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.

  Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

- **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.

  Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**2.14 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.

i) Plant & Machinery - 5-25 years

ii) Office Equipments - 3 years

iii) Furniture & Fixtures - 5 year

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.

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.

**2.15 Investment Property:**

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. The best evidence of fair value is current prices in an active market for similar properties. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location.

Pursuant to transition to Ind AS, the Group has elected to continue with the carrying value of all of its Investment Properties as per the previous GAAP as its deemed cost on the transition date.

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

**2.16 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.

**2.17 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.

**2.18 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 – 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.

**2.19 Exceptional item:**

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

**2.20 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.

**2.21 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.

**2.22 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.

**2.23 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.

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 of, 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.

**2.24 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.

**2.25 Investments in Subsidiaries, Associates and Joint Ventures:**

Investments in Subsidiaries, Associates and Joint Ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

**2.26 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.

**2.27 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.

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.

**2.28 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.

**2.29 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 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.

**2.30 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.

**2.31 Financial liabilities and equity instruments:**

**2.31.1 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.

**2.31.2 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.

**2.31.3 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.

**2.31.4 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
- 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.

**2.31.5 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.

**2.31.6 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.

**2.32 Leases:**

The group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

The group lease asset classes primarily consist of leases for Land and Buildings and Plant & Machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

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

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

(iii) the group as the right to direct the use of the asset.

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

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement

Effective April 1, 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the simplified approach whereby asset and liability are same on date on transition and hence no impact to reserves. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

**2.33 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.

**2.34 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.

**2.35 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 2020

All amounts are in ₹ lakh unless otherwise stated

**3A (a) Property, Plant and Equipment and capital work-in-progress**

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Land | **1,687.33** | 1,687.33 |
| Buildings | **594.65** | 692.39 |
| Plant and Machinery | **26,723.32** | 20,597.10 |
| Furniture and Fixtures | **1.68** | 8.94 |
| Office Equipments | **24.24** | 29.45 |
| Vehicles | **7.61** | 9.73 |
| | **29,038.83** | 23,024.94 |
| **(b) Capital work-in-progress** | **304.66** | 2,033.68 |

| Gross Block | Land | Buildings | Plant & Machinery | Furniture & Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 31st March, 2018** | 1,687.33 | 1,012.44 | 20,074.76 | 24.05 | 115.91 | 15.93 | 22,930.42 |
| Additions | - | - | 5,824.64 | - | 2.43 | - | 5,827.07 |
| Disposals | - | - | (205.68) | - | (5.92) | - | (211.60) |
| Reclassified as held for sale | - | - | - | - | - | | - |
| **Balance at 31st March, 2019** | **1,687.33** | **1,012.44** | **25,693.72** | **24.05** | **112.42** | **15.93** | **28,545.89** |
| Additions | - | - | 8,148.95 | - | 16.09 | - | 8,165.04 |
| Disposals | - | - | (3.13) | - | - | - | (3.13) |
| **Balance at 31st March, 2020** | **1,687.33** | **1,012.44** | **33,839.54** | **24.05** | **128.52** | **15.93** | **36,707.80** |

| Accumulated Depreciation and Impairment | Land | Buildings | Plant & Machinery | Furniture & Fixtures | Office Equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 31st March, 2018** | - | 220.10 | 3,400.82 | 7.73 | 41.50 | 4.08 | 3,674.23 |
| Depreciation expense | - | 99.95 | 1,844.01 | 7.38 | 46.20 | 2.12 | 1,999.66 |
| Eliminated on disposals | - | - | (148.21) | - | (4.73) | - | (152.94) |
| **Balance at 31st March, 2019** | **-** | **320.05** | **5,096.61** | **15.11** | **82.97** | **6.20** | **5,520.95** |
| Depreciation expense | - | 97.74 | 2,022.73 | 7.26 | 21.31 | 2.12 | 2,151.15 |
| Eliminated on disposals | - | - | (3.13) | - | - | - | (3.13) |
| **Balance at 31st March, 2020** | - | 417.79 | 7,116.23 | 22.37 | 104.28 | 8.32 | 7,668.98 |
| **Carrying amount at 31st March, 2020** | **1,687.33** | **594.65** | **26,723.32** | **1.68** | **24.24** | **7.61** | **29,038.83** |

**Notes:**

i) Includes 18 acres land at Manali, Chennai of value ₹122.04 lakh categorized as Land acquired by Tamilnadu Government under Urban Land Ceiling Act. Writ petition filed by the Company challenging the proposed move by Government of Tamilnadu is pending adjudication before Honourable High Court of Madras.

ii) Buildings include Building on Leasehold Land amounting to ₹57.11 lakh

iii) For Property, plant and equipment (PPE) given as securities refer Note no.18

iv) The estimated useful life of certain assets of plant and machinery were in the range of 15-30 years with residual value of ₹1 till year ended 31st March, 2019. The management, based on internal and external technical evaluation, reassessed the estimates and the Company has revised the useful life of those assets in the range of 5-25 years effective from 1st April, 2019.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **3B** | **Investment Property** | | |
| | Freehold Land # | **20.68** | 20.68 |
| | | **20.68** | 20.68 |

# Fair value of investment property is ₹80 lakh. This valuation is based on prevailing market estimates and has not been valued by independent valuer.

The company has no restrictions on the disposal of its Investment Property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements of the Investment Properties.

**Freehold Land**

| | | |
|---|---|---|
| Rental Income (A) | **-** | - |
| Direct operating expenses, that generated rental income. (B) | **-** | - |
| Direct operating expenses, that did not generate rental income. (C ) | **15.63** | 16.13 |
| **Profit/(Loss) arising from Investment properties before depreciation and Indirect expenses (A)-(B)-(C )** | **(15.63)** | (16.13) |
| Depreciation (D) | **-** | - |
| **Profit/(Loss) arising from Investment properties after depreciation and Indirect expenses (A)-(B)-(C )-(D)** | **(15.63)** | (16.13) |

**3C Right-of-Use-Asset**

| | **Leasehold Land** |
|---|---|
| **Balance at March 31, 2019** | - |
| Additions | 117.72 |
| Disposals | - |
| **Balance at March 31, 2020** | **117.72** |
| **Accumulated Depreciation** | |
| Balance at March 31, 2019 | - |
| Depreciation expense | 3.88 |
| Disposals | - |
| **Balance at March 31, 2020** | 3.88 |
| **Net book value as on March 31, 2020** | **113.84** |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|---|---|
| **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 |
| | | (b) | Ushdev Engitech Limited | | |
| | | | 22,463 Equity Shares of ₹10 each fully paid up | **2.24** | 2.24 |
| | | (c) | Watsun Infrabuild Private Limited. | **79.04** | 75.01 |
| | | | 7,90,473 (31st March 2019: 750141 Equity shares of ₹10 each fully paid up) | | |
| | | (d) | OPG Power Generation Private Limited | | |
| | | | 2,36,600 (31st March 2019: 176000 Equity shares of ₹10 each fully paid up) | **27.21** | 20.24 |
| | | (e) | AM Foundation | **0.16** | 0.16 |
| | | | 1,600 Equity shares of ₹10 each fully paid up | | |
| | | (f) | IL&FS Financial Services Limited | **0.04** | 0.04 |
| | | | 3,600 Units of ₹1/- each fully paid | | |
| | | (g) | Nagai Power Private Limited | | |
| | | | 2,11,000 Equity shares of ₹10 each fully paid up | **21.10** | 21.10 |
| | | **Total - Other investments** | | **146.72** | **135.72** |
| | | **Aggregate amount of unquoted investments** | | **146.72** | **135.72** |
| **5** | **Other financial assets** | | | | |
| | Security deposits | | | **73.07** | 81.10 |
| | Others* | | | **20.28** | 25.58 |
| | | | | **93.35** | 106.68 |

* Refers to unamortised portion of deposits paid for usage of Effluent Treatment Plant.

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **6** | **Other Non-Current assets** | | |
| | Capital advances | **57.28** | 261.61 |
| | Security deposits | **1,849.20** | 525.49 |
| | | **1,906.49** | 787.10 |

TPL

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **7** | **Inventories** | | |
| | Inventories | | |
| | - Raw materials | **3,692.95** | 2,903.16 |
| | - Work-in-progress | **236.17** | 1,398.94 |
| | - Finished goods | **1,464.09** | 1,051.14 |
| | - Stores and spares | **2,433.01** | 2,523.07 |
| | | **7,826.22** | 7,876.31 |

i) Inventories are valued at lower of cost and net realisable value

ii) For Inventories given as securities refer Note no.18

| | | | |
|---|---|---|---|
| **8** | **Trade receivables** | | |
| | Considered good - Secured | **-** | - |
| | Considered good - Unsecured | **4,984.96** | 7,165.65 |
| | Trade Receivables which have significant increase in credit risk | **-** | - |
| | Trade Receivables - credit impaired | **77.78** | 77.78 |
| | Impairment Allowance (Allowance for doubtful debts) | **(77.78)** | (77.78) |
| | | **4,984.96** | 7,165.65 |

a) Trade receivables are generally due between 0 to 30 days. The 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) Two customers lift more than 10% of the total value of the Turnover.

c) For Trade receivables given as security refer Note no.18

| | | | |
|---|---|---|---|
| **9A** | **Cash and Cash equivalents** | | |
| | Balances with Banks | | |
| | - In current accounts | **12,036.65** | 11,312.55 |
| | - Cash on hand | **0.29** | 0.62 |
| | | **12,036.93** | 11,313.17 |
| **9B** | **Bank balances other than above** | | |
| | Margin money deposits | **997.28** | 960.28 |
| | Unclaimed dividend account (Refer note 20) | **71.39** | 36.73 |
| | Other Fixed deposits # | **8,091.15** | 7,519.27 |
| | | **9,159.82** | 8,516.28 |
| | **Total** | **21,196.75** | 19,829.45 |

# represents deposits with original maturity more than three months but less than twelve months.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **10** | **Other Financial Assets** | | |
| | Security deposits | **18.56** | 18.56 |
| | Interest accrued on Deposits | **258.91** | 74.66 |
| | Other loans and advances | **4.83** | 14.56 |
| | | **282.31** | 107.78 |
| **11** | **Other Current assets** | | |
| | Advances given to Suppliers | **1,120.84** | 1,552.21 |
| | Prepaid expenses | **196.32** | 192.45 |
| | Balances with Government Authorities | | |
| | (i) GST credit receivable | **137.33** | 30.67 |
| | (ii) Balances with Customs, Sales tax and Excise Authorities | **39.44** | 80.69 |
| | | **1,493.93** | 1,856.03 |
| **12** | **Assets classified as held for Sale:** | | |
| | Freehold Land* | **-** | 0.60 |
| | | **-** | 0.60 |

*Represents Land at Gujarat. The land was sold during the year for a consideration of ₹7 Lakh and resulted in gain of ₹6.40 Lakh

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **13** | **Equity Share Capital** | | |
| | **Authorised Share capital :** | | |
| | 200,000,000 (as at 31st March 2019: 200,000,000) fully paid equity shares of ₹10 each | **20,000.00** | 20,000.00 |
| | **Issued** | | |
| | 89,976,899 (as at 31st March 2019: 89,976,899) equity shares of ₹10 each | **8,997.69** | 8,997.69 |
| | **Subscribed and fully paid up** | | |
| | 89,971,474 (as at 31st March 2019: 89,971,474) equity shares of ₹10 each | **8,997.15** | 8,997.15 |
| | | **8,997.15** | 8,997.15 |

**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.

All amounts are in ₹ lakh unless otherwise stated

| | Number of shares | Amount |
|---|---|---|
| Balance as at 1 April, 2018 | **89,971,474** | 8,997.15 |
| Movements | - | - |
| Balance as at 31st March, 2019 | **89,971,474** | 8,997.15 |
| Movements | - | - |
| Balance as at 31st March, 2020 | **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 31st March, 2020** | | As at 31st March, 2019 | |
|---|---|---|---|---|
| | **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 |

**14 A. Other Equity**

| | | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|---|
| **I.** | **Reserves and Surplus** | | |
| A. | General reserve | **13,859.94** | 13,859.94 |
| B. | Securities premium | **4,611.57** | 4,611.57 |
| C. | Capital Reserve | **42.23** | 42.23 |
| D. | Other Reserve | **1,986.18** | 1,986.18 |
| E. | Surplus in Statement of Profit and Loss | **17,825.15** | 12,581.69 |
| **II.** | **Other Comprehensive income** | | |
| F. | Re-measurement of Defined Benefit Plan | **(241.60)** | (23.59) |
| G. | Exchange Gain / (Loss) arising on translation of foreign operations | **1,078.15** | 458.92 |
| | | **39,161.62** | 33,516.94 |
| **A.** | **General reserve** | | |
| | Balance at beginning of year | **13,859.94** | 13,859.94 |
| | Movements | - | - |
| | Balance at end of year | **13,859.94** | 13,859.94 |
| **B.** | **Securities premium** | | |
| | Balance at beginning of year | **4,611.57** | 4,611.57 |
| | Movements | - | - |
| | Balance at end of year | **4,611.57** | 4,611.57 |
| **C.** | **Capital reserve** | | |
| | Balance at beginning of year | **42.23** | 42.23 |
| | Movements | - | - |
| | Balance at end of year | **42.23** | 42.23 |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **D.** | **Other Reserve** | | |
| | Balance at beginning of year | **1,986.18** | 1,986.18 |
| | Movements | **-** | - |
| | Balance at end of year | **1,986.18** | 1,986.18 |
| **E.** | **Surplus in Statement of Profit and Loss** | | |
| | Opening balance | **12,581.69** | 7,420.83 |
| | (Add): Profit for the year | **6,328.11** | 5,703.24 |
| | Less: Dividend (₹1 per share - 2018-19) (₹0.50 per share - 2017-18) | **(899.71)** | (449.91) |
| | Less: Dividend Distribution Tax | **(184.94)** | (92.47) |
| | Closing balance | **17,825.15** | 12,581.69 |
| **F.** | **Re-measurement of Defined Benefit Plan** | | |
| | Opening balance | **(23.59)** | (63.91) |
| | Movements | **(218.01)** | 40.32 |
| | Closing balance | **(241.60)** | (23.59) |
| **G.** | **Exchange Gain / (Loss) arising on translation of foreign operations** | | |
| | Opening balance | **458.92** | (172.03) |
| | Movements | **619.23** | 630.95 |
| | Closing balance | **1,078.15** | 458.92 |

**B. Nature and purpose of reserves**

a. **General Reserve:** This Reserve is created by an appropriation from one component of equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

b. **Securities Premium:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

c. **Capital Reserve:** The group recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

d. **Other Reserve:** Represents revaluation of Land and Buildings comprised in Deemed Cost adopted on transition to Ind AS as on 1st April, 2017.

e. **Surplus in Statement of Profit and Loss:** Surplus in Statement of Profit and Loss are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

f. **Items of Other Comprehensive Income**

i) **Re-measurement of Net Defined Benefit Plan:**

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

ii) **Exchange differences on translating the financial statements of foreign operations:**

This Reserve contains (a) accumulated balance of foreign exchange differences from translation of the financial statements of the Group's foreign operations arising at the time of consolidation of such entities and (b) accumulated foreign exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation. Such foreign exchange differences are recognised in Other Comprehensive Income. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **15** | **Other financial liabilities - (Non-Current)** | | |
| | Security deposit | **9.21** | 9.21 |
| | Other payables | **16.92** | 16.93 |
| | Lease Liability | **117.16** | - |
| | | **143.30** | 26.14 |

a) The Company has a lease contract for Land used for the purpose of plant operation and the lease term is 30 years.

b) The weighted average incremental borrowing rate of 11% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

c) Other payable represents advance received against disposal of equity interests (100000 equity shares) in SEPC Power (Private) Limited upon completion of power project.

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **16** | **Provisions - (Non-Current)** | | |
| | **Provision for:** | | |
| | Compensated absences | **399.84** | 321.51 |
| | Provision for Litigated claims | **2400.22** | 2025.31 |
| | | **2800.05** | 2346.82 |
| **17** | **Deferred tax balances - (Non-Current)** | | |
| | Deferred tax liabilities in relation to : | | |
| | Property, Plant and Equipment | **2,931.85** | 3,795.55 |
| | | **2,931.85** | 3,795.55 |
| | Deferred tax assets in relation to : | | |
| | Provision for Employee benefits allowed on payment basis | **138.67** | 153.55 |
| | Allowance for doubtful debts | **19.58** | 27.18 |
| | Expenses allowable on payment basis | **640.59** | 742.00 |
| | | **798.83** | 922.73 |
| | Deferred Tax | **2,133.02** | 2,872.82 |
| | Opening | **2,872.82** | 2,884.30 |
| | For the year | **(739.80)** | (11.48) |
| | For the period based on effective tax rate method | **(739.80)** | (11.48) |
| | Closing | **2,133.03** | 2,872.82 |
| | MAT Credit Entitlement | **-** | 335.88 |
| | Deferred tax liabilities (net) | **2,133.03** | 2,536.94 |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Reconciliation between book and taxable profits** | | |
| Profit before Income Taxes | **7,884.51** | 7,451.24 |
| Enacted Tax Rates in India | **25.17%** | 34.94% |
| Computed Expected Tax Expense | **1,984.53** | 2,511.94 |
| Tax Effect of non deductible expenses | **174.06** | 170.63 |
| Income Tax Expense | **2158.59** | 2,682.57 |
| Minimum Alternate Tax Credit | **335.86** | (1,120.67) |
| Income Tax Expense for the year | **2494.45** | 1561.90 |
| Tax Provisions relating to earlier years | **-** | 197.58 |

i) The applicable Indian corporate statutory tax rate for the year ended 31st March, 2020 and 31st March, 2019 are 25.17% and 34.94% respectively.

ii) The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised the provision for Income Tax for the year ended 31st March, 2020 and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31st March, 2020.

### 18 Borrowings - (Current)

| | | |
|---|---|---|
| **Secured** | | |
| Loan repayable on Demand | **1,819.09** | 3,986.59 |
| Other Loans (Short term advances against Deposits) | **1,850.08** | - |
| **Total current borrowings** | **3,669.17** | 3,986.59 |

a) 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 them.

b) The above loans carry varying rates of interests with the maximum rate of interest being 13.50% (As at 31 March 2019: 14.20%) per annum. The weighted average rate of interest of these loans is 11.23% (2018-19: 12.78%) per annum.

c) Other short term advances against deposits are obtained for workings capital purpose which carry varying rate of interests with the maximum rate of interest being 8.35%. The weighted average rate of interest of these loans is 7.89% (2018-19: Nil) per annum.

### 19 Trade payables

| | | |
|---|---|---|
| Acceptances | **-** | - |
| Trade payables | | |
| (i) dues to Micro and Small Enterprises (Refer note 31B) | **38.97** | 91.97 |
| (ii) dues to other than Micro and Small Enterprises | **5,666.41** | 6,441.52 |
| (iii) dues to related parties | **1.53** | 9.61 |
| | **5,706.92** | 6,543.10 |

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All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **20** | **Other Current Financial Liabilities** | | |
| | Interest accrued | **45.02** | - |
| | Unclaimed dividends * | **71.39** | 36.73 |
| | Deposits | **10.75** | 10.00 |
| | Other Expenses payable | **670.56** | 403.40 |
| | | **797.71** | 450.13 |
| | *Amount to be credited to Investor Education and Protection Fund | **Nil** | Nil |
| **21** | **Provisions - (Current)** | | |
| | Provision for: | | |
| | (a) Employee Benefits | | |
| | (i) Gratuity payable | **202.38** | 162.29 |
| | (ii) Compensated absences | **151.14** | 117.91 |
| | (iii) Ex-gratia payable | **187.50** | 348.00 |
| | (b) Provision for taxation (net of advance) | **2797.66** | 3442.99 |
| | (c) Provision for Litigated claims | **511.02** | 264.08 |
| | | **3,849.70** | 4,335.27 |
| **22** | **Other Current Liabilities** | | |
| | Other Payables | | |
| | Statutory remittances due | **120.84** | 181.07 |
| | Others | **29.25** | 24.45 |
| | | **150.09** | 205.52 |

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **23.** | **Revenue from operations** | | |
| | Sale of products | **122,239.95** | 124,141.96 |
| | Sale of services | **12.99** | 13.93 |
| | Other operating revenues | **243.52** | 376.84 |
| | | **122,496.46** | 124,532.73 |
| | **Sale of services comprise** | | |
| | Effluent Treatment / Hydrogen Testing / Storage | **-** | - |
| | Steam / Others | **12.99** | 13.93 |
| | **Total - Sale of Services** | **12.99** | 13.93 |
| | **Other operating revenue comprises** | | |
| | Scrap sales | **243.52** | 376.84 |
| | **Total - Other operating revenue** | **243.52** | 376.84 |
| | **Basis on which the entity identifies the fulfilment of performance obligations** | | |
| | Upon Shipment (Ex-works) | **21,419.51** | 9,000.86 |
| | Upon Delivery (FOR Sales) | **100,820.44** | 115,141.10 |
| | Payment Terms (Generally between 0 and 30 days. Refer note 8 a) | | |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|
| Reconciliation of the amount of revenue recognised in Statement of Profit & Loss with discount etc. given to customers | | |
| Gross Revenue | **127,646.68** | 129,806.35 |
| Less : Discounts | **5,150.22** | 5,273.62 |
| **Total** | **122,496.46** | 124,532.73 |
| **Disaggregation of Revenue** | | |
| **Revenue by Product Lines** | | |
| LAB | **95,823.55** | 103,437.38 |
| Caustic Soda Lye | **12,911.16** | 13,751.59 |
| Chlorine and its Derivatives | **5,071.22** | 5,375.81 |
| Propylene Oxide | **8,434.02** | 1,577.18 |
| **Total** | **122,239.95** | 124,141.96 |
| **Revenue by Geographical Region** | | |
| India | **122,239.95** | 124,141.96 |
| Others | **-** | - |
| **Total** | **122,239.95** | 124,141.96 |
| **Revenue by timing of transfer of goods/services** | | |
| At a point in time | | |
| (i) Product line | **122,239.95** | 124,141.96 |
| (ii) Others | **256.51** | 390.77 |
| Over a period of time | **-** | - |
| **Total** | **122,496.46** | 124,532.73 |

### 24. Other Income

| | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|
| Interest | | |
| From bank deposits | **613.34** | 728.78 |
| From others | **1,024.01** | 26.18 |
| Profit on sale of assets (net) | **7.49** | 0.81 |
| Rental income from operating leases | **-** | 0.79 |
| Insurance claim received | **48.62** | 250.08 |
| Others | **4.23** | 7.01 |
| | **1,697.69** | 1,013.65 |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **25.** | **Cost of Materials Consumed** | | |
| | Opening stock | **2,903.16** | 3,703.96 |
| | Add: Purchases | **65,661.33** | 66,283.18 |
| | | **68,564.49** | 69,987.14 |
| | Less: Closing Stock | **3,692.95** | 2,903.16 |
| | Cost of material consumed | **64,871.54** | 67,083.98 |
| | Material consumed comprises: | | |
| | Kerosene | **33,708.03** | 37,317.28 |
| | Benzene | **16,924.99** | 19,009.77 |
| | Normal Paraffin | **7,007.33** | 8,150.23 |
| | Propylene | **4,154.74** | 819.17 |
| | Salt | **1,452.61** | 1,162.96 |
| | others | **1,623.86** | 624.57 |
| | | **64,871.54** | 67,083.98 |
| **26.** | **Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | |
| | **Inventories at the end of the year** | | |
| | Finished goods | **1,464.09** | 1,051.14 |
| | Work-in-progress | **236.17** | 1,398.94 |
| | | **1,700.26** | 2,450.08 |
| | **Inventories at the beginning of the year** | | |
| | Finished goods | **1,051.14** | 4126.48 |
| | Work-in-progress | **1,398.94** | 101.42 |
| | | **2,450.08** | 4227.90 |
| | | **749.82** | 1,777.82 |
| **27.** | **Employee benefits expense** | | |
| | Salaries and wages | **3,224.29** | 2,833.85 |
| | Contributions to provident and other funds | **287.95** | 356.84 |
| | Staff welfare expenses | **498.16** | 390.04 |
| | | **4,010.40** | 3,580.73 |
| **28.** | **Finance costs** | | |
| | Interest Expense on Borrowings | **534.73** | 245.27 |
| | Interest Expense on Lease liability | **12.95** | - |
| | Other Borrowing Costs* | **210.40** | 183.25 |
| | Other interest costs # | **182.38** | 256.83 |
| | | **940.46** | 685.35 |

*Includes charges incurred towards commitment charges, transaction charges and other bank changes.

#Includes charges incurred towards Interest on CENVAT Credit, Interest on customs duty and Interest on Security Deposit.

| | | | |
|---|---|---|---|
| **29.** | **Depreciation /Amortization** | | |
| | Depreciation on property, plant and equipment (owned assets) | **2,151.15** | 1999.66 |
| | Depreciation on Right of Use-Assets | **3.88** | - |
| | | **2,155.03** | 1,999.66 |

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## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| **30.** | **Other expenses** | | |
| | Consumption of stores and spare parts | **3,469.22** | 3,884.33 |
| | Utilities consumed | **1,078.28** | 782.22 |
| | Power and fuel | **25,034.05** | 26,172.87 |
| | Renewable Energy Power Obligation (RPO) | **374.90** | 296.76 |
| | Rent including lease rentals (Refer Note No.40) | **205.75** | 164.71 |
| | Repairs to buildings | **398.75** | 327.73 |
| | Repairs to machinery | **2,528.27** | 2,140.55 |
| | Payment to Auditors: | | |
| | Towards audit fee | **30.00** | 22.02 |
| | For other services | **7.51** | 0.25 |
| | Insurance | **526.04** | 358.44 |
| | Rates and Taxes | **621.18** | 270.49 |
| | Freight and forwarding | **3,336.87** | 2,998.42 |
| | Net loss on foreign currency transactions (other than considered as finance cost) | **46.56** | - |
| | Loss on fixed assets sold/scrapped | **-** | 57.47 |
| | Provision for doubtful receivables | **-** | 27.69 |
| | Referral Charges | **4,468.84** | 4,057.56 |
| | Corporate Social Responsibility expense (Refer Note below) | **22.75** | 5.91 |
| | Miscellaneous expenses | **1,433.41** | 1,400.18 |
| | | **43,582.38** | 42,967.60 |

Notes:

The Company has spent ₹22.75 Lakh (2018-19: ₹5.91 Lakh) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

i) Gross amount required to be spent by the Company during the year: ₹75.45 Lakh (2018-19: ₹8.92 Lakh).

ii) Amount spent during the year on:

| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|---|---|---|
| i) | Construction/acquisition of any asset | **-** | - |
| ii) | For purposes other than (i) above | **22.75** | 5.91 |
| **Total** | | **22.75** | 5.91 |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **31.A** | **Provision for Litigated claims** | | |
| | Opening Balance | **2,289.39** | 1993.10 |
| | Additions | **621.85** | 309.88 |
| | Reversals/Utilised | **-** | (13.59) |
| | Closing Balance | **2,911.24** | 2,289.39 |
| | Non Current Provision for Litigated claims | **2,400.22** | 2,025.31 |
| | Current Provision for Litigated claims | **511.02** | 264.08 |
| | **Total** | **2,911.24** | 2,289.39 |

*Provision made for litigations with respect to cases pending under Excise Duty, Electricity act, Open Space Reservation charges, C-Form & demand from TNPCB.

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

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| a) | The principal amount remaining unpaid to any supplier at the end of the year | **38.97** | 91.97 |
| b) | Interest due remaining unpaid to any supplier at the end of the year | **-** | - |
| c) | The amount of interest paid by the buyer in terms of section 16 of the MSMED Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | **-** | - |
| d) | The amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,2006 | **-** | - |
| e) | The amount of interest accrued and remaining unpaid at the end of each accounting year | **-** | - |
| f) | The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act ,2006 | **-** | - |

### 32 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.

| | For the year | |
|---|---|---|
| | **2019-20** | 2018-19 |
| Contribution to provident fund recognised in profit and loss | **137.19** | 104.91 |

All amounts are in ₹ lakh unless otherwise stated

**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 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **A.** | **Change in Defined Benefit Obligation (DBO) during the year:** | **1,001.52** | 849.02 |
| | **Present value DBO at the beginning of the year** | | |
| | Service cost | **51.66** | 51.00 |
| | Interest cost | **67.11** | 61.22 |
| | Re-measurment (gain)/loss | **292.03** | 92.69 |
| | Actuarial (gain)/loss arising from experience adjustments | **-** | - |
| | Benefits paid | **(132.45)** | (52.41) |
| | **Present value DBO at the end of the year** | **1,279.86** | 1,001.52 |
| **B.** | **Change in fair value of plan assets during the year:** | | |
| | **Fair value of plan assets as at beginning of the year** | **839.22** | 531.09 |
| | Expected return on planned assets | **66.36** | 39.87 |
| | Contributions | **300.00** | 187.20 |
| | Benefits paid | **(128.79)** | (51.95) |
| | Re-measurement gain/(loss) | **0.69** | 133.01 |
| | **Fair value of plan asset at the end of the year** | **1,077.48** | 839.22 |
| **C.** | **Amount recognised in the balance sheet** | | |
| | Present value DBO at the end of the year | **1,279.86** | 1,001.52 |
| | Fair value of the plan assets at the end of the year | **1,077.48** | 839.22 |
| | **(Liability) / Asset recognised in the Balance sheet - net** | **(202.38)** | (162.30) |
| **D.** | **Components of employer expenses:** | | |
| | Current service cost | **51.66** | 51.00 |
| | Interest cost/ (income) on net defined benefit obligation | **0.75** | 21.35 |
| | **Expense recognised in Statement of Profit t and Loss** | **52.41** | 72.34 |
| **E.** | **Re-measurement on the net defined benefit obligation** | | |
| | Return on plan assets (excluding interest income) | **(0.69)** | 52.51 |
| | Actuarial loss arising from changes in financial assumptions | **94.64** | (10.83) |
| | Actuarial loss arising from changes in experience adjustments | **197.39** | (82.00) |
| | **Re-measurements Expense/(Income) recognised as other comprehensive income** | **291.33** | (40.32) |
| | **Total defined benefit cost recognised** | **343.75** | 32.02 |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | Year ended 31st March, 2020 |
|---|---|---|---|
| **F.** | **Net defined benefit liability (asset) reconciliation:** | | |
| | 1. | Net Defined Benefit Liability/(Asset) as at 31st March, 2019 | **162.29** |
| | 2. | Net Defined Benefit Cost for the period | **343.75** |
| | | Amount recognised in P&L account | **52.41** |
| | | Amount recognised as OCI | **291.33** |
| | 3. | Benefit payments made directly by the company | **(3.66)** |
| | 4. | Actual contributions by the company | **(300.00)** |
| | **Net Defined Benefit Liability/(Asset) as at 31st March, 2020 - (1+2+3+4)** | | **202.38** |

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **G.** | **Major categories of plan assets:** | | |
| | Insurer-managed funds | **1,077.48** | 839.22 |
| | **Total** | **1,077.48** | 839.22 |

| | | As at 31st March, 2020 |
|---|---|---|
| **H.** | **Expected cash flows for following year:** | |
| | Expected total benefit payments | |
| | Year 1 | **225.28** |
| | Year 2 to Year 5 | **755.92** |
| | Year 6 to Year 10 | **445.81** |
| | Year 11 to Year 15 | **170.38** |
| | More than 15 Years | **181.51** |
| | Liability Duration in years (Weighted by discounted cash flows) | **5.11** |

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **I.** | **ASSUMPTIONS** | | |
| | The principal assumptions used for the purposes of the actuarial valuations are given below: | | |
| | Discount rate | **6.33%** | 7.18% |
| | Salary escalation rate | **6%** | 5% |
| | Employee turnover rates | **10%** | 10% |
| | Mortality rates * | **IALM 2012-14** | IALM 2012-14 |

* IALM : Indian Assured Lives Moratality modified Ult.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|---|
| **J.** | **Sensitivity analysis - DBO at the end of the year** | | | |
| | i. | Discount +1% | **1226.98** | 961.87 |
| | ii. | Discount -1% | **1337.99** | 1044.74 |
| | iii. | Escalation +1% | **1337.02** | 1044.63 |
| | iv. | Escalation -1% | **1226.91** | 961.29 |
| | v. | Attrition : 25% increase | **1281.16** | 1011.56 |
| | vi. | Attrition : 25% decrease | **1278.05** | 989.10 |

**K. Key risk:**

**Actuarial Risk -** The risks that benefits costs more than expected. All assumptions used to project the liability cash-flows area source of risk. If actual experience turns out to be worse than expected experience - there could be a risk of being unable to meet the liabilities as and when they fall due. E.g. If assumed salary growth rates turns out to be lesser than reality - this could cause a risk that the provisions are inadequate in comparison to the actual benefits required to be paid.

**Investment Risk -** The amounts invested by the company in the LIC policy is usually not subject to market fluctuation risk - the returns are not guaranteed but usually these are non-negative returns, declared by the insurer. Hence Investment risk - due to change in the market value of the investment(s) done by the company - is considered to be negligible. The only other point to consider is the MVA applied on bulk withdrawal, however the chances of an MVA being applied are also considered to be small for this scheme.

**Liquidity Risk -** The investments are made in an insurance policy which is also very liquid - withdrawals can happen at any time. There could be a Market Value adjustment (MVA) imposed for bulk withdrawals done by the company at an untoward time - however chances of this occurring can be considered to be small. Also surrender charges are also minimal at later durations. Hence the investments are considered to be fairly liquid.

**Legislative Risk -** There could be changes to Regulation/legislation governing this Plan that could affect the Company adversely (e.g. introduction of a minimum benefit). The changes in regulation could potentially increase the plan liabilities.

**Notes:**

i) The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

ii) The expected / actual return on Plan Assets is as furnished by LIC.

iii) The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **33** | **Contingent Liabilities and commitments:** | | |
| **A.** | **Contingent liabilities:** | | |
| | **Disputed Demands under Appeals** | | |
| i) | Sales Tax | **1,731.25** | 1,731.25 |
| ii) | Excise Duty* | **70.86** | 245.66 |
| iii) | Service Tax* | **102.47** | 415.86 |
| iv) | Income Tax | **2,992.38** | 2,982.80 |

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.

* The Sabka Vishwas Scheme 2019 is a scheme introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts. The company made an application under Legacy Dispute Resolution for certain old issues based on expert opinion and received orders granting substantial relief in the form of full waivers of interest, penalties and fines amounting to ₹295.75 Lakh. Tax after relief was paid in during the year amounting to ₹69.39 Lakh.

| | | | |
|---|---|---|---|
| v) | Electricity Tax | **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.

This case refers to levy and payment of Electricity Tax on the Consumption or Sale of Electricity. The parties involved in the case are TPL, State of TN & TNEB. Special Leave Petition has been filed challenging the Order of the Hon'ble High Court dismissing the Company's Writ Petition (W.P.M.No. 1 OF 2007 In W.P.No.36925 OF 2007) challenging the Validation Act No. 38 of 2007 called as Tamil Nadu Tax on Consumption or Sale of Electricity (Amendment) Act, 2007. We have preferred a special leave petition in SLP (C) CC No. 20636 of 2012 against the judgment of the Hon'ble High Court of Madras dated 15th June, 2012.

On 9th November 2012 Orders have been passed stating that "the respondents are restrained from taking any coercive steps for disconnection supply of electricity to petitioners' premises, subject to the petitioners' paying all the charges / dues except the tax calculated on the basis of maximum demand".

The Hon'ble Supreme Court has granted a stay of the maximum demand component of tax on consumption alone. The Electricity Tax on self-generation is being calculated and paid without prejudice to our rights. Upon hearing the counsel arguments on 25th September, 2018, the Hon'ble Supreme Court advised that the both Parties should avoid further litigation and work out a compromise arrangement. But the State Government at the next hearing informed the Hon'ble Supreme Court that settlement would not be possible and the Hon'ble Supreme Court admitted the same.

The Chief Electrical Inspectorate to Govt., issued E1 notice informing liability for the Electricity Tax of 5% on the basic power cost purchased from the IEX platform. TPL was asked to comply with the Electricity tax Act and submit the details of the basic cost of IEX Power Purchased during this year along with the total quantum. It was informed by them that the Electricity Tax of 5% shall be applicable for the entire purchased value along with applicable 12% interest for the delay period. Since this is the mandatory statutory requirement, the details regarding value of IEX power purchased has been furnished to the electricity department.

All amounts are in ₹ lakh unless otherwise stated

| | | | |
|---|---|---|---|
| vi) | Cross Subsidy Charge under Group Captive Scheme | **6,130.48** | 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 form various class of power sources. The Company has received a demand from Tamilnadu Electricity Board (TNEB) for ₹61.30 crore 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 and obtained stay on the demand. This is expected to be disposed off in favour of the power producers.

**B Commitments**

| | | |
|---|---|---|
| Capital commitments | **173.60** | 750.33 |

**34. Details on derivative instruments and unhedged foreign currency exposures**

(i) Outstanding forward exchange contracts entered into by the Company as on 31st March, 2020: 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 |
|---|---|---|---|
| Amount receivable in foreign currency - Exports | USD | - | - |
| Amount payable in foreign currency - Imports | USD | 85,445 | 64.21 |
| | USD | (89,333) | (61.77) |

Figures in brackets are in respect of previous year

35 The Chief Operating Decision Maker (CODM) has considered manufacturing of industrial intermediate chemicals as the single operating segment as defined in Ind AS 108- Operating Segments.,

**36 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.

TPL



All amounts are in ₹ lakh unless otherwise stated

**(ii) Loan covenants**

The Company has no term loans outstanding as on 31st March 2020.The covenants are restricted to working capital facilities offered by the bankers.

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Categories of financial instruments** | | |
| **A. Financial assets** | | |
| Measured at Fair value through profit or loss (FVTPL): | | |
| Security Deposits | **93.35** | 106.68 |
| Investments in equity instruments under Group Captive Scheme | **146.72** | 135.72 |
| Measured at Amortised cost | **-** | - |
| - Cash and bank balances | **21,196.75** | 19,829.45 |
| - Other financial assets | **5,267.26** | 7,273.43 |
| Measured at Cost | **-** | - |
| - Investments in Equity instruments in subsidiaries | **-** | - |
| **Total** | **26,704.09** | 27,345.27 |
| **B. Financial liabilities** | | |
| Measured at amortised cost | | |
| Trade payables | **5,706.92** | 6,543.10 |
| Borrowings | **3,669.17** | 3,986.59 |
| Lease Liabilities | **117.16** | - |
| Other financial liabilities | **823.84** | 476.26 |
| **Total** | **10,317.09** | 11,005.95 |

**Fair value hierarchy**

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**The fair value hierarchy of assets and liabilities as at 31st March, 2020 is as follows:**

| | Total | Fair value measurement at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in equity instruments | 146.72 | - | - | 146.72 |
| | (135.72) | - | - | (135.72) |
| Other Investments | 93.35 | - | - | 93.35 |
| | (106.68) | - | - | (106.68) |

Figures in brackets relate to previous year.

All amounts are in ₹ lakh 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.

**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. Further where required the company obtains bank guarantee as security for goods sold.

**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 in deposits with reputed banks and short-term liquid funds.

The Company has no exposure to credit risk relating to these cash deposits as at 31st March 2020.

**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.

All amounts are in ₹ lakh unless otherwise stated

**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 expected to occur within a maximum of 12 month period of forecasted receipts and payments. 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 not 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 2020, does not carry any loans with variable interest.

**c. Liquidity Risk**

Liquidity Risk refers to the risk that the company cannot meets its financial obligation, the objective of the liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company consistently generated sufficient cash flows from operations to meet its financial obligation including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Year Ended 31st March, 2020** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 5,706.92 | - | - | - | 5,706.92 |
| Borrowings | 3,669.17 | - | - | - | 3,669.17 |
| Lease liabilities | 11.86 | 10.68 | 26.11 | 68.51 | 117.16 |
| Other financial liabilities | 797.71 | 26.13 | - | - | 823.84 |
| **Total** | **10,185.66** | **36.81** | **26.11** | **68.51** | **10,317.09** |

| | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Year Ended 31st March, 2019** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade payables | 6,543.10 | - | - | - | 6,543.10 |
| Borrowings | 3,986.59 | | | | 3,986.59 |
| Lease liabilities | - | - | - | - | - |
| Other financial liabilities | 450.13 | 26.13 | - | - | 476.26 |
| **Total** | **10,979.83** | **26.13** | **-** | **-** | **11,005.95** |

37 In view of the Government of India's Order under the Disaster Management Act, 2005 to implement complete lock down in all parts of India with effect from 25th March 2020 to contain spread of COVID-19 virus, the operations of the plants were shut down. This has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities, sales and profitability. The operations of the Units restarted in phases from 2nd week of April 2020, duly following the Government guidelines. Though the sale of LAB being input for surfactant/disinfectant products was not materially impacted, the demand for caustic and Propylene Oxide off-take have been significantly lower due to the end-use industries remaining shutdown for longer periods. The demand for these products are yet to recuperate fully and it is not certain how long the situation would continue.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

The Company has considered the impact that may arise from the pandemic situation on the carrying amount of its assets including inventory and receivables as at the date of the year. Based on the current assessment it is expected that the net carrying amount of the said assets will be recovered. As at the date of approval of these results, it is not possible to reliably estimate the future financial effect of the situation on the Company's operations as normalcy is yet to return. The impact assessment is a continuing process given the uncertainties associated with nature and duration of the current situation. The eventual impact may differ from what has been assessed by the Management as at the date of approval of these financial results. The Company will continue to closely monitor any material changes in future economic conditions and take appropriate actions as may be required

The Auditors have included an Emphasis of Matter para in their report on the financials regarding the same.

**38. Related Party Disclosure**

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

A) Entities having Joint control of TPL
1. Southern Petrochemical Industries Corporation Limited (SPIC)
2. Tamilnadu Industrial Development Corporation Limited (TIDCO)

B) Associates of Joint Venturers
1. Manali Petrochemicals limited
2. Tuticorin Alkali Chemicals and Fertilizers Ltd.,
3. AMCHEM Speciality Chemical Pvt. Ltd., Singapore

**(ii) Related Party Transactions**

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

**The following transactions were carried out with the Related Parties.**

| | Entities having Joint control of TPL | Associates of Joint Venturers |
|---|---|---|
| **Sale of Goods** | | |
| a) SPIC | 63.70<br>(63.79) | |
| b) MPL | | 11,106.70<br>(3,048.78) |
| **Sale of services** | | |
| a) MPL | | 13.99<br>(13.45) |
| **Purchase of goods** | | |
| a) MPL | | 2,847.60<br>(71.25) |
| b) TAC | | 6.11<br>(29.05) |
| **Services Availed** | | |
| a) MPL - i) Effluent Line Usage | | 15.73<br>(15.46) |
| ii) Management services | | 118.00<br>- |
| b) AMCHEM Speciality Chemicals | | 141.76<br>(106.03) |

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

| | Entities having Joint control of TPL | Associates of Joint Venturers |
|---|---|---|
| **Reimbursement of expenses** | | |
| a) SPIC | 0.84<br>(0.62) | |
| b) TAC | | -<br>(3.35) |
| **Balance outstanding** | | |
| **Trade Receivables** | | |
| a) SPIC | 1.96<br>(10.08) | |
| b) MPL | | 1,224.18<br>(1,087.92) |
| Deposit with MPL | | 155.45<br>(168.78) |
| **Other Receivables** | | |
| a) MPL | | 3.59<br>(15.91) |
| **Other payables** | | |
| a) SPIC | 0.54<br>(0.35) | |
| b) MPL | | 4.27<br>(47.45) |

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.

**39.** Additional information as required by 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 in lakh | As % of consolidated Profit or Loss | Amount in lakh | As % of Comprehensive Income | Amount in lakh | As % of Total Comprehensive Income | Amount in lakh |
| **Parent** | | | | | | | | |
| Tamilnadu Petroproducts Limited | 73.55% | 35,419.56 | 87.04% | 5,507.88 | 100.00% | (218.01) | 78.61% | 5,289.87 |
| **Subsidiaries - Foreign** | | | | | | | | |
| 1 Certus Investment and Trading Ltd., Mauritius | 24.10% | 11,605.51 | 12.34% | 780.76 | 100.00% | 619.23 | 20.80% | 1,399.99 |
| 2 Certus Investment and Trading Ltd., Singapore | 2.35% | 1,133.69 | 0.69% | 43.56 | - | - | 0.65% | 43.56 |
| 3 Proteus Petrochemicals Private Ltd., Singapore | 0.00% | - | -0.06% | (4.09) | - | - | -0.06% | (4.09) |
| **Total** | **100.00%** | **48,158.76** | **100.00%** | **6,328.11** | **100.00%** | **401.22** | **100.00%** | **6,729.33** |

* Total Assets - Total Liabilities, # Other Comprehensive Income, @ Total Comprehensive Income

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March 2020

All amounts are in ₹ lakh unless otherwise stated

**40.** The company has warehouse under short term lease agreements that are renewable on a periodic basis.

The company incurred ₹97.02 lakh for the year ended 31st March, 2020 towards expenses relating to Short term leases and leases of low value assets. The total cash outflow for leases is ₹110.53 lakh for the year ended 31st March, 2020 including short term leases and leases of low value assets.

Future Minimum Rentals Payable under non-cancellable short term leases and leases of low value assets are as follows:

| **Lease Rentals:** | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|
| Within one year | **103.20** | 97.64 |
| After one year , but not more than five years | **28.32** | 28.32 |
| Later than five years | **-** | - |

**41. Earnings per share**

| | **As at 31st March, 2020** | As at 31st March, 2019 |
|---|---|---|
| Profit after taxation (₹ In lacs) | **6,328.11** | 5,703.24 |
| Weighted number of equity shares outstanding | **89,971,474** | 89,971,474 |
| Basic and diluted earnings per share- (Face value – ₹10/- per share) (in ₹) | **7.03** | 6.34 |

**42. Events after the reporting period**

The Board of Directors have recommended a dividend of ₹1.50/- per share 15% on 8,99,71,474 equity shares of ₹10/- each for the Financial Year 2019-20 subject to approval of Members at the Annual General Meeting.

**43. Approval of financial statements**

The financial statements were reviewed and recommended by the Audit Committee and approved by the Board of Directors at the meeting held on 15th June, 2020.

**44. Previous Year's figures**

The Company has reclassified / regrouped previous year figures to make it comparable where ever required.

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In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

# 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**

| | Name of the Subsidiaries | | | | | |
|---|---|---|---|---|---|---|
| | Certus Investment and Trading Limited, Mauritius | | Certus Investment and Trading (S) Private Limited, Singapore | | Proteus Petrochemicals Private Limited, Singapore # | |
| | 31st March 2020 | | 31st March 2020 | | 31st March 2020 | |
| | Rupees in lakh* | In USD (In Million) | Rupees in lakh* | In USD (In Million) | Rupees in lakh* | In USD (In Million) |
| Capital | 15,393.05 | 20.42 | 1,413.74 | 1.88 | - | - |
| Reserves | (2,373.79) | (3.15) | (280.05) | (0.37) | - | - |
| Total assets | 13,027.95 | 17.28 | 11,315.71 | 15.01 | - | - |
| Total liabilities | 8.69 | 0.01 | 10,182.02 | 13.51 | - | - |
| Investments | 1,413.74 | 1.88 | - | - | - | - |
| Turnover (including other income) | 869.86 | 1.15 | 458.82 | 0.61 | - | - |
| Profit / (Loss) before tax | 791.69 | 1.12 | 43.56 | 0.06 | (4.09) | (0.01) |
| Provision for taxation | 10.93 | 0.02 | - | - | - | - |
| Profit / (Loss) after tax | 780.76 | 1.10 | 43.56 | 0.06 | (4.09) | (0.01) |
| % of Shareholding | 100% | | 100% @ | | 100% @ | |

* Translated at exchange rate prevailing as on 31st March, 2020

1 USD = ₹75.386

@ Held by Certus Investments and Trading Limited, Mauritius

# a Step Down Subsidiary of TPL, obtained voluntary strike off from the Register of Companies at Singapore on 6th January, 2020.

In terms of our report attached
**For R.G.N. Price & Co**
Chartered Accountants
Firm Regn No.002785S

**For and on behalf of the Board of Directors**

**Mahesh Krishnan**
Partner
M.No. 206520

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

**D. Senthikumar**
Whole Time Director (Operations)
DIN:00202578

**K. Priya**
Company Secretary
M.No. A31383

Place : Chennai
Date : 15th June, 2020

TPL

## Notes

## Notes

TPL

# Notes

## FOR THE KIND ATTENTION OF SHAREHOLDERS

**For participation in AGM**

- You can attend the AGM through the CDSL e-Voting system viz., https://www.evotingindia.com using the remote e-voting credentials.
- Once you log in the link for joining the meeting will be available and you can click the EVSN of Company to proceed further.
- The facility to join the meeting will be available between 1:45 PM and 2:15 PM on the AGM day (9th September 2020)
- Please use Laptops/Desktops/IPads for better experience. You can also join through other devices such as mobile phones. To avoid disturbance, please ensure that the internet connectivity is good.
- It has been reported that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- To register as a speaker at the meeting please visit https://Investors.cameoindia.com, the web portal of the Registrar & Transfer Agent M/s. Cameo Corporate Services Limited
- Registration will be open from 9:00 AM on 1st September 2020 to 5:00 PM on 5th September 2020.
- There will be no option for spot registration and so only those shareholders who have registered through the above process will be able to speak at the meeting.
- There is no provision for appointment of proxies to attend the meeting.
- Please do not permit any other person to use your log-in credentials, as it would be a violation of the provisions of the Companies Act, 2013 and the Rules made there under.
- You can participate in the meeting even if you have voted through the remote e-voting.

**Dividend payment and tax deduction**

- Where the Bank account details are not available dividend warrants will be sent through the available mode.
- Due to the current pandemic situation, there may be delays in receipt of the warrants and so to ensure timely credit of the dividend please register your bank account details well in advance
- Information provided after 16th September 2020 may not be considered by the RTA.
- If you are Resident Individual and wish to avail NIL tax deduction from dividend exceeding Rs. 5,000 you may submit Form 15G/Form 15H through the Web-portal of the RTA https://Investors.cameoindia.com.
- The facility for providing the declaration for Dividend 2019-20 will not be available after 16th September 2020 5:00 PM.

**Detailed information on the above are available in Pages 6 & 7 which may kindly be referred to. For any further details please contact the RTA.**

**TAMILNADU PETROPRODUCTS LIMITED**

Registered Office & Factory: Manali Express Highway,
Manali, Chennai – 600 068.
CIN:L23200TN1984PLC010931
E Mail: secy-legal@tnpetro.com
Website: www.tnpetro.com

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