



REF:TAC/SECL/AR2018

09.08.2018

The Manager
BSE Limited
Department of Corporate Services
P.J.Towers, Dalal Street
Mumbai 400 001.

Dear Sir,

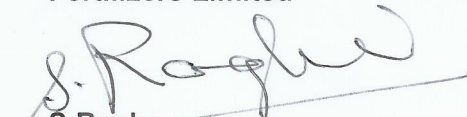
Sub : Annual Report for Financial Year 2017-'18.
Ref : Scrip Code – 506808.

With reference to above the Annual Report for Financial Year 2017-'18, adopted by the shareholders as per Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 at the 45th Annual General Meeting held on 03rd August, 2018 is annexed.

Kindly take on record of the above.

Thanking You,
Yours Sincerely,

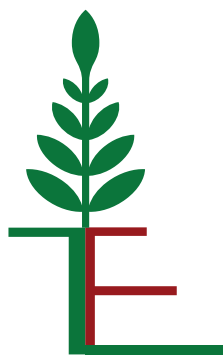
**For Tuticorin Alkali Chemicals and
Fertilizers Limited**


S.Raghavan
Company Secretary

Enc : As above

Tuticorin Alkali Chemicals and Fertilizers Limited

88 Mount Road Guindy Chennai 600 032 India Tel +91 44 22352513 Fax +91 44 22352163
CIN : L24119TN1971PLC006083 Email : info@tacfert.com Website : www.tacfert.in



Tuticorin Alkali Chemicals and Fertilizers Limited

**2017 – 18
Annual Report**

**Board of Directors**

B. Narendran	DIN 01159394	Independent Director
RM. Krishnan	DIN 00062318	Independent Director
S. Shankar	DIN 06591908	Independent Director
S. Asokan	DIN 06591756	Independent Director
Rita Chandrasekar	DIN 03013549	Independent Director
G. Ramachandran	DIN 00051999	Managing Director

S. Nandakumar	Chief Financial Officer
S. Ragavan	Company Secretary
N.S. Mohan	Chief Operating Officer

Auditors

MSKA & Associates
Chartered Accountants,
117/54, Floor II, Citadal Building,
Dr. Radha Krishnan Salai, Mylapore,
Chennai - 600 004.

Bankers

State Bank of India
The South Indian Bank Limited
The Catholic Syrian Bank Limited
Indian Overseas Bank
HDFC Bank

Registered & Principal Office

"SPIC House"
88, Mount Road,
Guindy, Chennai - 600 032.
Phone : 044 - 2235 2513
E-mail : info@taf fert.com
CIN : L24119TN1971PLC006083

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Form No. MGT 11 - Proxy Form	Attached



NOTICE

NOTICE is hereby given that the 45th Annual General Meeting of TUTICORIN ALKALI CHEMICALS AND FERTILIZERS LIMITED will be held on Friday, the 3rd August, 2018 at 10.00 a.m. at "Rajah Annamalai Hall", Esplanade, Chennai 600 108, to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Audited Financial Statement of the Company for the year ended 31st March, 2018, and the Report of the Board of Directors and Auditors' Report thereon by passing the following Resolution as an Ordinary Resolution:

RESOLVED THAT the Audited Financial Statement of the Company for the year ended 31st March 2018, and the Report of the Board of Directors and Auditors' Report thereon be and are hereby received and adopted.

2. To appoint a Director in place of Mr. G. Ramachandran, (DIN 00051999) who retires by rotation and, being eligible, offers himself for re-appointment, by passing the following Resolution as an Ordinary Resolution.

RESOLVED THAT Mr. G. Ramachandran (DIN 00051999) who retires by rotation, be and is hereby reappointed as a Director of the Company.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for

the time being in force), the remuneration of Rs.90,000/- plus applicable taxes and reimbursement of out of pocket expenses as approved by the Board of Directors to Mr. P R Tantri the Cost Auditor to conduct the audit of the Cost Records of the Company for the Financial Year ended 31st March, 2018 be and is hereby ratified.

4. To consider and if thought fit, to pass, with or without modifications, the following Resolutions as **Special Resolution**

RESOLVED THAT the consent of the members of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 for mortgaging and / or deposit of title deeds to create on First Charge by the Board of Directors of the Company the free hold land situated at Mullakadu Village Tuticorin earlier mortgaged with financial institutions on first charge basis for obtaining term loans and on the second charge basis with consortium of banks for the working capital. Conferring power to enter upon and take possession of the assets of the Company erected on the said land in certain events, to or in favour of consortium of Banks led by State Bank of India (SBI) consisting of SBI, Indian Overseas Bank (IOB), South Indian Bank Limited (SIB), Catholic Syrian Bank Limited (CSB) (hereinafter called "Bankers") to secure working capital limit of Rs.831 lakhs (Rupees Eight hundred and thirtyone lakhs) together with interest, costs, charges, expenses and all other monies payable by the Company to Bankers under the Agreement of Loan entered or to be entered into by the Company in respect of the said working capital facilities.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to finalise with Bankers the documents for creating the aforesaid mortgage and to do all such acts and things as may be necessary for giving effect to the above resolution.

Registered Office:
"SPIC House",
88, Mount Road, Guindy,
Chennai - 600 032.
16th May, 2018

By Order of the Board
For TUTICORIN ALKALI CHEMICALS
AND FERTILIZERS LIMITED
S. RAGHAVAN
COMPANY SECRETARY



NOTES

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business to be transacted at the Annual General Meeting (the "AGM" or "Meeting"), is annexed hereto.
2. In terms of the provisions of Section 105 of the Companies Act, 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not more than fifty (50) Members and holding in aggregate not more than ten percent (10%) of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS (48 hours) before the time for holding the Meeting. A Proxy Form is annexed to this Notice. Members may please note that a Proxy does not have the right to speak at the Meeting and can vote only on a poll. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books will remain closed from 28th July, 2018 to 3rd August 2018 (both days inclusive).
5. Members holding shares in electronic form are requested to intimate immediately, any change in their address or bank mandates to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar and Share Transfer Agent, **Cameo Corporate Services Limited**, No. 1, Subramanian Buildings, Club House Road, Off Anna Salai, Chennai 600 002.
6. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve annual reports and other communications through electronic mode to those Members who have

registered their e-mail ID either with the Company or with the Depository Participant(s). Members who have not registered their e-mail IDs so far are requested to register their e-mail ID so that they can receive the Annual Report and other communications from the Company electronically. Members holding shares in demat form are requested to register their e-mail ID with their Depository Participant(s) only. Members of the Company, who have registered their e-mail ID, are entitled to receive such communications in physical form upon request.

VOTING THROUGH ELECTRONIC MEANS

In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment, Rules 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the Members to exercise their votes electronically through the electronic voting service provided by the Central Depository Services (India) Limited. Once a vote on the resolution is cast, the member shall not be allowed to change it subsequently

The facility for voting through ballot paper will also be made available at the AGM and members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes once again.

The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 27.07.2018 and accordingly, members as on the cut-off date as mentioned above only shall be entitled to avail the facility of remote e-voting or ballot paper.

A person who has acquired the shares and has become a Member of the Company after the dispatch of the Notice of the AGM and prior to the Cut Off Date i.e 27.07.2018, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through Poll at the AGM by following the instructions mentioned in this part.

The instructions for shareholders voting electronically are as under:

The voting period begins on 31.07.2018 at 10.00 AM and ends on 02.08.2018 at 05.00 PM 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 27.07.2018) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**In case of member receiving e-mail:**

1. Log on to the e-voting website www.evotingindia.com during the voting period.
2. Click on "Shareholders".
3. Now, select "Tuticorin Alkali Chemicals and Fertilizers Limited" from the drop down menu and click on "SUBMIT".
4. Now Enter your User ID <ul style="list-style-type: none"> a. For CDSL: 16 digits beneficiary ID, b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID, c. Members holding shares in physical form should enter the Folio Number registered with the Company
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

PAN	For Members holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/Depository Participant are requested to enter their name in CAPITAL followed by the last 8 digits of the demat account / folio number in the PAN field. In case the folio number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Folio No. 1 then enter RA00000001 in the PAN field.
Date of Birth	Enter the date of birth as recorded in your demat account or in the Company records for the said demat account of folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the date of birth or dividend bank details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.

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

Members holding shares in physical form will then reach directly the EVSN (Company selection screen). However, members 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.

For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

Click on the Electronic Voting Sequence Number(EVSN)along with " Tuticorin Alkali Chemicals and Fertilizers Limited " from the drop down menu and click on "SUBMIT" on which you choose to vote.

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. Enter the number of shares (which represents number of votes) under "YES/ NO" or alternatively you may partially enter any number in "YES" and partially in "NO", but the total number in "YES" and "NO" taken together should not exceed your total shareholding

Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Notice/Resolution details. 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.

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

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

Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Note for Non - Individual Members (Institutional Shareholders) and Custodians:

Institutional shareholders (i.e. other than Individuals, HUFs, NRI etc..) and Custodians are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. 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 scan 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.

In case of members receiving the physical copy, please follow all steps as above to cast vote.

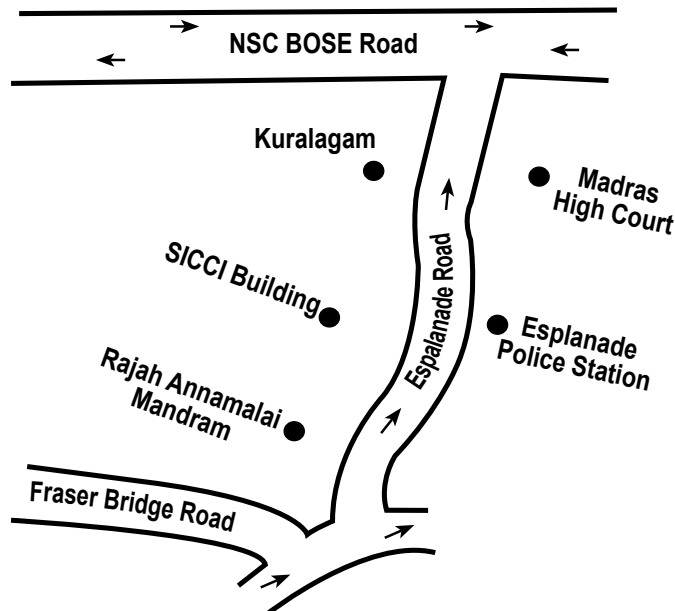
In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. On the alternative, they may also contact CDSL on Toll free Number 1800-200-5533.

The Company has appointed Mr.R.Kannan, practicing Company Secretary, Chennai (C.P.NO. 3363) to act as scrutinizer for conducting the electronic voting process in a fair and transparent manner.

The scrutinizer shall, immediately after the conclusion of voting at the EGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through e-voting in the presence of two witnesses not in the employment of the Company and make, not later than 48 hours from the conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any to the Chairman or a person authorized by him in writing who shall counter-sign the same. Thereafter, the Chairman or the person authorized by him in writing shall declare the result of the voting forthwith.

The results declared along with the scrutinizer's report will be placed on the Company's web-site <http://www.tacfert.in/> and on the web-site of CDSL immediately after the result is declared by the Chairman/ Authorized person and the results will also be communicated to the Stock Exchange where the shares of the Company are listed.

ROUTE MAP FOR AGM VENUE



**Explanatory statement**

Pursuant to Section 102(1) of the Companies Act, 2013

Item No.3

Rupees in lakhs

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor Mr. P. R. Tantri to conduct Audit of the Cost Records of the Company relating to Chemical (Soda Ash) and Fertilizer (Ammonium Chloride) for the Financial Year ended 31st March, 2018 on a remuneration of Rs.90,000/- plus applicable taxes and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Mr. P. R. Tantri, Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in item No. 3 of the Notice for ratification of the remuneration payable to the said Cost Auditor for the Financial Year ended 31st March, 2018.

The Board recommends passing of the resolution as set out under Item No. 3 as an Ordinary Resolution for approval by the Members.

Disclosure of Interest

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

Item No. 4

The Company has availed the working capital facilities amounting to Rs.831 lakhs as detailed below:

Name of the Bank	Working Capital Facilities
State Bank of India	375.00
Indian Overseas Bank	161.00
South Indian Bank Limited	184.00
Catholic Syrian Bank Limited	111.00
Total	831.00

The Bankers have sanctioned the above said working capital facilities on a condition that the immovable properties of the Company situated on the said land are to be mortgaged to them on first charge basis to secure the facility of Rs.831 lakhs.

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a General Meeting. In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole of the undertaking of the Company. Section 180(1) (a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the annual general meeting. The Board recommends these resolutions for the approval of the members as Special Resolutions.

Disclosure of Interest

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the resolutions.

Registered Office:
"SPIC House",
88, Mount Road, Guindy,
Chennai - 600 032.
16th May, 2018

By Order of the Board
For TUTICORIN ALKALI CHEMICALS
AND FERTILIZERS LIMITED
S. RAGHAVAN
COMPANY SECRETARY



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

To

(In Tonnes)

The Members

Your Directors present the 45th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2018.

FINANCIAL RESULTS

(Rs. In Crores)

DESCRIPTION	2017-18	2016-17
Sales Turnover (Net of Excise Duty and Trade Discount)	133.59	132.76
Gross Loss after meeting all expenses but before providing depreciation and interest	39.21	29.58
Add: Interest	3.21	3.19
Cash Loss	42.42	32.77
Add: Depreciation for the year	2.33	2.47
Extraordinary Items	--	--
Net Profit / (Loss) for the year	(44.75)	(35.24)
Accumulated Loss	264.88	220.13
EPS & Diluted EPS	(30.51)	(24.25)

Throughout the financial year, the CO₂ plant operation could not be stabilized due to frequent breakdown in the boiler and receipt of inferior quality coal. The contaminants in the flue gas, which were identified subsequently, attacked the primary amines of the solvent, which resulted in reduction of the capability to absorb CO₂. Hence fresh change of solvent was initiated and at the same time recovered the balance solvent present in the displaced batch. With the above fresh solvent, the plant capacity utilization improved significantly but again the bad performance due to poor quality of coal resulted in the reduction of CO₂ production since November '17. The problem was identified and the balancing equipments were added to ensure removal of the unwanted salts in the circulating solvents. This resulted in improvement of CO₂ plant and Soda Ash plant since February, 2018.

TWAD resumed water supply at 50% capacity from October, 2017. They have steeply raised the cost of water to Rs.45 per M³. The Company has commissioned the programme to enrich the water to the salt pans with the help of "RO" which incidentally can produce enough water for meeting your Company's internal requirements. The salt production has gone up significantly since then. The Company also suspended purchase of water from outside sources. The purchase of water during the first 3 quarter for the year resulted in expenditure of approximately Rs.11 crores, which went to add to the losses.

The production and sales during the year ended 31st March, 2018 compared to the previous year are given below;

Product	Production		Sales (Includes internal Consumption)	
	2017-18	2016-17	2017-18	2016-17
Soda Ash (Light)	48,492	44,395	48,454	46,018
Soda Ash (Dense)	10	1,047	3	1,235
Ammonium Chloride (Fertilizer)	41,940	40,795	39,054	41,613
Sodium Bicarbonate	153	565	166	576

DIVIDEND

Your Directors were not able to recommend any dividend in view of the accumulated losses.

MARKET SCENARIO

The international market prices were more or less same like last financial year and hence the Company's selling price of Soda Ash didn't undergo any significant change. Since the production was less, the Company could cater to the requirement of 1 or 2 major customers and generally market sale was low.

Due to the falling Ammonia prices, the Ammonium Chloride prices came down during the last financial year and it continued to be so in the current year also. The prices in India also have fallen and the imposition of GST has made the product costlier at the hands of the farmer and has made it difficult to penetrate the Indian market in comparison to open subsidized nitrogenous fertilizers. It is noted that the current selling prices in India is more or less same like export to South East Asia and hence the Company could probably sell the material without accumulation due to slow down of indigenous sale.

FUTURE OUTLOOK

The sale of Soda Ash in the Southern market continues to be good. It is felt that when the Company ramp up the production in the current year, it should be possible to market the entire production in Southern India itself. The sale of Ammonium Chloride to farther Northern and Central market of India also improved and it should be possible to curtail exports in future. The Company is also looking into the possibility of converting it into NPK complex fertiliser for better marketability and profitability.

OPPORTUNITIES AND THREATS

The opportunity to replace the imported products is always available to the company in the Southern, Mid and Eastern states of India.

The major threat had always been single source for CO₂ gas a major raw material from SPIC, which has been overcome significantly with the commissioning of the captive CO₂ plant. The availability of Ammonia is through the single bulk storage tank at Tuticorin Port. Green Star are implementing a second storage tank, which will ensure continuous availability of Ammonia.



ENVIRONMENT AND SAFETY

The periodic audits as required under ISO 9001 have been carried out.

WIND MILL

During the year 0.55 Lakh units were generated from Wind Turbine Power Generators at Gudimangalam, Tirupur District, as against 0.67 Lakh units generated in the previous year. The aging windmills are being refurbished for better results.

POWER PURCHASE

About 60% of the power was purchased from Group Captive Scheme during the financial year.

CAPTIVE SALT WORKS

During the financial year, 11,550 Tonnes of salt could be produced, as against 15,150 Tonnes produced last year. We have repaired some portions of the salt pans and it is expected that with the implementation of the RO plant and the repairs during the next financial year, the salt production would be higher next year.

NCLT/SEBI

Based on the application to NCLT, the Company applied to SEBI for granting necessary exemption for converting the funds bought in by the promoters into equity. The approval of the shareholders was obtained vide EGM held on 10th April, 2018 to enable this. The further directions of NCLT is awaited.

FIXED DEPOSIT

There was no outstanding deposit as at 31st March, 2018. The Company has neither accepted nor renewed any deposits during the year under review.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates on the date of this report.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Statement was showing the details regarding the development and implementation of Risk Management Policy of the Company is furnished in **Annexure 1** and attached to this report. The risk

management includes identifying types of risks and its assessment, risk handling and monitoring and reporting.

Your Company is dependent primarily on SPIC for the supply of CO₂ and for receiving the imported Ammonia through their storage system. Your Company has now implemented an independent CO₂ Recovery facility which is operational from November 2016. This has reduced the risk considerably. The Board does not envisage any other major risks.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable as on date in view of the accumulated losses the Company has incurred.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The transactions entered into during the financial year with related party as defined under the Companies Act, 2013 were in the ordinary course of business and at arm's length basis. There were no materially significant transactions during the financial year 2017-18 which were in conflict with the interests of the Company.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure 2** and is attached to this report

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had four Board meetings during the financial year under review. Full details are given in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and



estimates that are 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 profit and loss of the company for that period;

- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- 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. Internal financial control means the policies and procedures adopted by the Company 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.
- 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.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. G. Ramachandran, Managing Director who got re-elected during last Annual General Meeting held on 28th July, 2017, again retires at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

There is no change among the Independent Directors and key managerial personnel during the year under review.

DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves for the continuance / appointment as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

BOARD EVALUATION

Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act 2013 and conditions of the SEBI (LODR) Regulations 2015, the Independent Directors in their separate meeting held on 5th

February, 2018, had reviewed the performance of Non-Independent Director and the Board as a whole.

STATUTORY AUDITORS

M/S. MSKA & Associates, (formerly known as MZSK & Associates) Chartered Accountants, Chennai, (Registration No.105047W) have been appointed as Statutory Auditors of the Company in 44th Annual General meeting for a term of five years from the Financial year 2017-18 till the conclusion of the Annual General Meeting of the Company to be held in the year 2022.

SECRETARIAL AUDITOR

Mr. R Kannan has been appointed by the Board of Directors to carry out the Secretarial Audit for the year ended 31st March, 2018. Secretarial Auditor's Report is annexed which forms part of this report.

COST AUDIT

As per the Government of India's directive, the Company's Cost Reports in respect of Fertilizer – Ammonium Chloride and Chemical – Soda Ash for the year ended 31st March, 2018 are being audited by the Cost Auditor Mr P R Tantri, who was appointed by the Board with the approval of the Government of India.

EXPLANATIONS OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There was no qualification, reservations or adverse remarks made by the Statutory Auditors, M/s. MSKA & Associates and Secretarial Auditor, Mr. R. Kannan, Practicing Company Secretary, in their reports.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Audit Committee consists of M/s.B. Narendran, S. Shankar and S. Asokan all of whom are Independent Directors. During the year Dr. RM Krishnan has been co-opted as a Member of the Audit Committee with effect from 12.05.2017.

The Company has established a vigil mechanism and oversees through a committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company. Policy is given in **Annexure 3**.

SHARES

The Company has not bought back any of its shares during the year under review.

The Company has not issued any "Sweat Equity" Shares during the year under review.



No Bonus Shares were issued during the year under review.

The Company has not provided any Stock Option Scheme to the employees.

ANNUAL RETURN

The extracts of Annual Return in Form MGT pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management

and Administration) Rules, 2014 is furnished in **Annexure 4** and is attached to this Report.

PARTICULARS OF EMPLOYEES

The Company has no Employees whose salary exceeds Rupees Five lakhs per month.

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

Ratio of the Remuneration of each director to the median Remuneration of the employees of the company for the financial year 2017-18	Mr.G.Ramachandran - Managing Director 23.40%		
Percentage increase in Remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2017-18	Managing Director : 2% Chief Financial Officer : 11% Company Secretary : 6%		
Percentage increase in the median Remuneration of employees in the financial year 2017-18	(3.53)		
Number of Permanent Employees on the Rolls of the Company	209		
Explanation on the relationship between average increase in remuneration and company performance	During the year, increase in sales turnover is due to more number of days the Plant was operated. Decrease in average remuneration is due to salary arrears included in the previous year.		
Comparison of the Remuneration of the key Managerial Personnel against the performance of the company.	The remuneration to the KMP are considered reasonable taking into account various parameters including the performance of the Company, qualification, experience and contribution of the respective KMPS		
Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year / previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies and in case of un-listed companies, the variation in the net worth of the company as at the close of current / previous financial year	Description	2017-18	2016-17
	Market Cap (Rs. in lakhs)	1821.37	1975.24
	Price – Earnings Ratio	(0.40)	(0.55)
	Last Issue Price per share		Rs.10.00
Average percentile increase already made in the salaries of employees other than the 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 Managerial Remuneration, other than managerial personnel remains more or less the same as that of previous year.		
Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company.	The remuneration to the KMP are considered reasonable taking into account the various parameters including the performance of the Company and the qualification, experience, contribution of the respective KMP.		
The key parameters for any variable component of remuneration availed by the Directors.	Sitting Fees.		
The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	The remuneration of an employee not being a Director but in receipt of remuneration in excess of the Director was 1.07 times of the remuneration of the highest paid director – viz- Managing Director		

**AFFIRMATION THAT THE REMUNERATION IS AS PER THE REMUNERATION POLICY OF THE COMPANY**

Company is adopting remuneration guidelines for fixing the remuneration as per the policies laid down by the Nomination and Remuneration Committee.

PARTICULARS AS REQUIRED UNDER RULE 3 OF THE COMPANIES (ACCOUNTS) RULES, 2014**A. Conservation of Energy**

1. Steps taken or impact on conservation of energy

Crystallizers insulation and operation are being optimized to reduce the energy consumption. The CO₂ production has enabled the Company to reduce the venting of circulating gas, which has improved the efficiency. Use of Centrifugal compressors is still under evaluation.

2. Steps taken for utilizing alternative sources of energy

A Project, jointly with Group Companies, is under consideration for production and utilization of solar energy.

3. Capital investment in conservation energy

CO₂ plant reduces the wastage of CO₂, thereby saves energy indirectly. No direct investment have been made during the Financial Year.

B. Technology Absorption

a) The Company has fully utilized the imported Technology of Hitachi Zosen, Japan which was imported in the year 1980.

b) Expenditure on Research & Development

- i) Capital Nil
- ii) Recurring Nil
- iii) Total Nil

C Foreign Exchange Earnings and outgo:

- a) Foreign Exchange inflow: Rs. 20.36 Crores
- b) Foreign Exchange outflow: Rs. 2.80 Crores

ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

DISCLAIMER

Statements in the Management Discussion and Analysis describing the Company's objectives, estimates, projections, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, raw material availability and its prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes and economic development within India

Declaration

No case of sexual harassment was reported during the year.

The Company has followed Indian Accounting Standard (Ind As) for this Financial Year and the previous years figures were reclassified as per Ind As.

The Company has followed the applicable Secretarial Standards.

Chennai
16th May, 2018

For and on behalf of the Board of Directors

B. NARENDRAN G. RAMACHANDRAN
Director Managing Director



ANNEXURE 1

RISK MANAGEMENT

We have formed Risk Management Committee as already reported, headed by Mr. B. Narendran, Director. The other members are M/s. S.Asokan, Director, G. Ramachandran, Managing Director, and S. Nandakumar, Chief Financial Officer. Mr. S.Thangathirupathy, General Manger (Works) retired from the organization and he was replaced in the committee by Mr.N.S.Mohan, Chief Operating Officer.

The Committee meets once in a quarter to discuss the points forwarded by the Risk Management Team and other risks facing the Company and submit a report to the Board of Directors. The report will contain the methods to mitigate the risk.

The Risk Management Committee will study the risks/threats/ concerns both in short term and long term and take adequate steps periodically to protect the interest of the various stakeholders.

ANNEXURE 2

REMUNERATION POLICY

PURPOSE

The Remuneration Policy is applicable to all employees of the Company, including Executives, Non-Executives and Board of Directors of the Company. The Policy is primarily focused on the employees of the Company other than Directors and Senior Executives to provide a competitive attractive remuneration to retain, protect and develop competent personnel. The pay package shall be based on the roles and responsibilities and shall consist in addition to the substantial fixed salary portion, motivating pays like Performance Pay, Production Incentives, Leave Travel Assistance, Ex-gratia payments and non-salary benefits like Health Care, Transport, Canteen Facilities, Pension, Township and Retirement/Statutory benefits of Provident Fund and Gratuity.

PAY PACKAGE

The Pay Package shall comply with general industrial practices and shall reflect the cost of living and also should take into account ability of the Company to sustain and pay such packages.

The Package shall consist of predominantly fixed income and not more than 30% of the pay shall be based on variable components consisting of Performance and Motivating Pays.

EXECUTIVE PAY PACKAGE

The Executive Pay Packages shall also follow the above guidelines. However, since they are primarily responsible for taking the Company forward and improving its business ability, deviations as necessary can be made to provide substantial motivating pays apart from the fixed salary. Perquisites of housing and transportation can also be different as per the need.

The Non-Executive Board of Directors would be paid Sitting Fees as decided by the Board from time to time depending on the ability of the Company, but to be within the statutory maximum.

OTHER GENERAL ISSUES

Notice pay, PF, Gratuity, etc., will be as per the various statutory regulations/ Company's approved policy from time to time.

PROCEDURES

The Remuneration Committee of the Board will meet from time to time, discuss, review and approve the pay packages suggested by the executives of the Company for implementation and for settlement with the employees through the Trade Union either through a 12(3) agreement or 18(1) agreement as per the need. The pay packages/sitting fees of the Executives/Working Directors and the other members of the Board would be fixed by the Remuneration Committee and suggested to the Board for implementation.

ANNEXURE 3

VIGIL MECHANISM / WHISTLE BLOWER POLICY

As per Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Company implemented a Whistle Blower Policy, by which all unethical and improper practices or wrongful conduct that may occur in the conduct of business of the Company when comes to the knowledge of an employee, can be brought to the attention of the concerned, including Managing Director and Audit Committee of the Board. The Policy provides a frame work by which a Whistle Blower has access to the top Management so that the wrongful conduct is brought to their attention, investigated and the concerned person punished. The frame work will also provide adequate safe guards to the Whistle Blower who will act in good faith and prevent harassment and victimisation to him.

POLICY

This Whistle Blower Policy is formulated to provide an opportunity to employees to raise concerns, in case they detect or observe unethical and improper practices or any other wrongful conduct in the Company to higher ups, Managing Director and/or to the Audit Committee of the Board of Directors. This Policy also provides necessary safeguards for protection to such whistle blower employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against them.

REPORTING

An employee who observes or notices any unethical & improper practices or alleged wrongful conduct in the Company may report the same to the Head of Department or in case it involves Managerial Personnel to the Managing Director and in exceptional cases to Audit Committee through e-mail addressed to s.raghavan@tacfert.com



ANNEXURE - 4
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2018

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

I. REGISTRATION AND OTHER DETAILS

I.	CIN :	L24119TN1971PLC006083
II.	Registration Date	03/12/1971
III.	Name of the Company:	Tuticorin Alkali Chemicals and Fertilizers Limited
IV.	Category / Sub-Category of the Company:	Listed Public Limited Company
V.	Address of the Registered Office and contact details:	"SPIC HOUSE", 88 Mount Road, Guindy, Chennai – 600 032 Phone: 2235 2513 E-mail: info@tacfert.com
VI.	Whether listed company :	Yes
VII.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Off Anna Salai, Chennai – 600 002. Phone: 28460390 E-mail: cameo@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Manufacturing Soda Ash and Ammonium Chloride (Fertilizer)

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

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Soda Ash	24117	70.24
2.	Ammonium Chloride - Fertilizer	24122	27.35

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

S.No	Name and address of the company	CIN	Holding/ Associate	% of shares held
1.	Southern petrochemical Industries Corporation limited	L11101TN1969PLC005778	Associate	45.15

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding**

	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
1.	INDIAN									
a.	INDIVIDUALS/HINDU UNDIVIDEDFAMILY	-	-	-	-	-	-	-	-	-



b.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	-	-	-	-	-	-	-	-	-
c.	BODIES CORPORATE	-	6680113	6680113	45.15	-	6680113	6680113	45.15	-
d.	FINANCIAL INSTITUTIONS/ BANKS	-	-	-	-	-	-	-	-	-
e.	ANY OTHER	-	-	-	-	-	-	-	-	-
	SUB - TOTAL (A)(1)	-	6680113	6680113	45.15	-	6680113	6680113	45.15	-
2.	FOREIGN									
a.	INDIVIDUALS (NON- RESIDENT INDIVIDUALS / FOREIGN INDIVIDUALS)	-	-	-	-	-	-	-	-	-
b.	BODIES CORPORATE	-	-	-	-	-	-	-	-	-
c.	INSTITUTIONS	-	-	-	-	-	-	-	-	-
d.	QUALIFIED FOREIGN INVESTOR	-	-	-	-	-	-	-	-	-
e.	ANY OTHER	-	-	-	-	-	-	-	-	-
	SUB - TOTAL (A)(2)	-	-	-	-	-	-	-	-	-
	TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)	-	6680113	6680113	45.15	-	6680113	6680113	45.15	-
B.	PUBLIC SHAREHOLDING									
1.	INSTITUTIONS									
a.	MUTUAL FUNDS/UTI	-	2450	2450	0.02	-	2450	2450	0.02	-
b.	FINANCIAL INSTITUTIONS/ BANKS	600	500	1100	0.01	600	500	1100	0.01	-
c.	CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)	314	-	314	-	314	-	314	-	-
d.	VENTURE CAPITAL FUNDS	-	-	-	-	-	-	-	-	-
e.	INSURANCE COMPANIES	-	-	-	-	-	-	-	-	-
f.	FOREIGN INSTITUTIONAL INVESTORS	-	300	300	-	-	300	300	-	-
g.	FOREIGN VENTURE CAPITAL INVESTORS	-	-	-	-	-	-	-	-	-
h.	QUALIFIED FOREIGN INVESTOR	-	-	-	-	-	-	-	-	-
i.	ANY OTHER	-	-	-	-	-	-	-	-	-
	SUB - TOTAL (B)(1)	914	3250	4164	0.03	914	3250	4164	0.03	-
2.	NON-INSTITUTIONS									
a.	BODIES CORPORATE	1869656	16200	1885856	12.75	1073546	16200	1089746	7.37	(5.38)



b.	INDIVIDUALS									
	I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH	2300269	1394647	3694916	24.97	2480095	1370199	3850294	26.02	1.05
	II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	2125935	-	2125935	14.37	2730719	-	2730719	18.46	4.09
c.	QUALIFIED FOREIGN INVESTOR	-	-	-	-	-	-	-	-	-
d.	ANY OTHER									
	CLEARING MEMBERS	690	-	690	-	3191	-	3191	0.02	0.02
	HINDU UNDIVIDED FAMILIES	152435	-	152435	1.03	187026	-	187026	1.26	0.23
	NON RESIDENT INDIANS	63621	187500	251121	1.70	68927	180950	249877	1.69	(0.01)
	TRUSTS	600	-	600	-	700	-	700	-	-
		217346	187500	404846	2.74	259844	180950	440794	2.98	0.24
	SUB - TOTAL (B)(2)	6513206	1598347	8111553	54.82	6544204	1567349	8111553	54.82	0.00
	TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)	6514120	1601597	8115717	54.85	6545118	1570599	8115717	54.85	-
	TOTAL (A)+(B)	6514120	8281710	14795830	100.00	6545118	8250712	14795830	100.00	-
C.	SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED									
	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	Public	-	-	-	-	-	-	-	-	-
	TOTAL CUSTODIAN (C)	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	6514120	8281710	14795830	100.00	6545118	8250712	14795830	100.00	-

ii) Shareholding of Promoters:

SI No	Shareholder's Name	No of shares	% of total shares of the company	% of shares pledged / encumbered to total shares
1.	SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED	6680113	45.15	45.15

iii) Change in Promoters' Shareholding – NIL



iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters):

SI No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	DELHI IRON & STEEL CO (P) LTD				
	At the beginning of the year 01-Apr-2017	1026914	6.94	1026914	6.94
	Sale 31-Oct-2017	-21183	0.14	1005731	6.80
	Sale 03-Nov-2017	-93066	0.63	912665	6.17
	Sale 15-Dec-2017	-62665	0.42	850000	5.74
	Sale 22-Dec-2017	-150000	1.01	700000	4.73
	Sale 12-Jan-2018	-56147	0.38	643853	4.35
	Sale 19-Jan-2018	-46940	0.32	596913	4.03
	Sale 02-Feb-2018	-30000	0.20	566913	3.83
	Sale 09-Feb-2018	-31635	0.21	535278	3.62
	Sale 16-Mar-2018	-48046	0.32	487232	3.29
	Sale 23-Mar-2018	-20254	0.14	466978	3.16
	Sale 30-Mar-2018	-185978	1.26	281000	1.90
	At the end of the Year 31-Mar-2018	281000	1.90	281000	1.90
	DELHI IRON AND STEEL CO PVT LTD				
	At the beginning of the year 01-Apr-2017	28797	0.19	28797	0.19
	Sale 20-Oct-2017	-11000	0.07	17797	0.12
	Sale 27-Oct-2017	-8980	0.06	8817	0.06
	Sale 31-Oct-2017	-8817	0.06	-	0.00
	At the end of the Year 31-Mar-2018	-	-	-	-
2	VIJAY KUMAR AGARWAL				
	At the beginning of the year 01-Apr-2017	963990	6.52	963990	6.52
	Purchase 15-Dec-2017	62815	0.42	1026805	6.94
	Purchase 22-Dec-2017	150000	1.01	1176805	7.95
	Sale 09-Mar-2018	-420	0.00	1176385	7.95
	At the end of the Year 31-Mar-2018	1176385	7.95	1176385	7.95
3	HITESH RAMJI JAVERI JT1 : RADHABAI RAMJI JAVERI JT2 : HARSHA HITESH JAVERI				
	At the beginning of the year 01-Apr-2017	425000	2.87	425000	2.87
	At the end of the Year 31-Mar-2018	425000	2.87	425000	2.87
4	ASIAN PORTFOLIO MANAGEMENT PVT. LTD.				
	At the beginning of the year 01-Apr-2017	260000	1.76	260000	1.76
	Sale 12-Jan-2018	-5000	0.03	255000	1.72
	Sale 19-Jan-2018	-20000	0.14	235000	1.59
	At the end of the Year 31-Mar-2018	235000	1.59	235000	1.59



5	ASHARI AGENCIES LTD				
	At the beginning of the year 01-Apr-2017	241367	1.63	241367	1.63
	Sale 29-Sep-2017	-24361	0.16	217006	1.47
	Sale 13-Oct-2017	-3951	0.03	213055	1.44
	Sale 20-Oct-2017	-5000	0.03	208055	1.41
	Sale 27-Oct-2017	-208055	1.41	-	-
	Purchase 29-Dec-2017	36421	0.25	36421	0.25
	Sale 05-Jan-2018	-20261	0.14	16160	0.11
	Purchase 12-Jan-2018	225	0.00	16385	0.11
	Sale 19-Jan-2018	-5155	0.03	11230	0.08
	Sale 02-Feb-2018	-11230	0.08	-	-
	Purchase 30-Mar-2018	185978	1.26	185978	1.26
	At the end of the Year 31-Mar-2018	185978	1.26	185978	1.26
6	HARSHA HITESH JAVERI JT1 : HITESH RAMJI JAVERI JT2 : RADHABAI RAMJI JAVERI				
	At the beginning of the year 01-Apr-2017	210000	1.42	210000	1.42
	At the end of the Year 31-Mar-2018	210000	1.42	210000	1.42
7	AMRIT STEELS (P) LTD				
	At the beginning of the year 01-Apr-2017	113666	0.77	113666	0.77
	Sale 22-Sep-2017	-11200	0.08	102466	0.69
	Sale 27-Oct-2017	-10000	0.07	92466	0.62
	Sale 31-Oct-2017	-56045	0.38	36421	0.25
	Sale 29-Dec-2017	-36421	0.25	-	-
	At the end of the Year 31-Mar-2018	-	-	-	-
	AMRIT STEELS PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2017	500	-	500	-
	Sale 01-Sep-2017	-500	-	-	-
	At the end of the Year 31-Mar-2018	-	-	-	-
8	JUHI ANIL GOEL JT1 : MANAVI ANIL GOEL				
	At the beginning of the year 01-Apr-2017	66000	0.45	66000	0.45
	At the end of the Year 31-Mar-2018	66000	0.45	66000	0.45
9	SPFL SECURITIES LTD.				
	At the beginning of the year 01-Apr-2017	52733	0.36	52733	0.36
	Sale 17-Nov-2017	-2500	0.02	50233	0.34
	At the end of the Year 31-Mar-2018	50233	0.34	50233	0.34
10	AMI HITESH JAVERI JT1 : HITESH RAMJI JAVERI JT2 : HARSHA HITESH JAVERI				
	At the beginning of the year 01-Apr-2017	50000	0.34	50000	0.34
	At the end of the Year 31-Mar-2018	50000	0.34	50000	0.34

v) Shareholding of Directors and Key Managerial Personnel:

S. No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Mr. S Raghavan	50	-	50	-
2.	Mr. S Nandakumar	50	-	50	-

**V. INDEBTEDNESS:**

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

(Rs. in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017	7.92	10.47	---	18.39
i) Principal Amount	---	---	---	---
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	7.92	10.47	---	18.89
Change in Indebtedness during the financial year				
Addition	0.08	---	---	0.08
Reduction	--	---	---	--
Net Change	0.08	---	---	0.08
Indebtedness at the end of the financial year 31.03.2018				
i) Principal Amount	8.00	10.47	---	18.47
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
Total (i+ii+iii)	8.00	10.47	---	18.47

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director:**

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Thiru G. Ramachandran	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.60	15.60
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.63	2.63
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--
2.	Stock Option	--	--
3.	Sweat Equity	--	--
4.	Commission - as % of profit - others, specify...	--	--
5.	Others, please specify	--	--
Total (A)		18.23	18.23
Ceiling as per the Act		5% of the Profit or Minimum Remuneration in terms of Schedule V of the Companies Act 2013.	

B. Remuneration to other Directors:**I. Independent Directors:-**

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Thiru B Narendran	Dr. RM Krishnan	Thiru S Shankar	Thiru S Asokan	Tmt Rita Chandrasekar	
1.	Fee for attending board / committee meetings	1.25	0.93	0.94	0.94	0.94	5.00
2.	Commission	NIL	NIL	NIL	NIL	NIL	NIL
3.	Others	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	1.25	0.93	0.94	0.94	0.94	5.00

**II Other Non-Executive Directors:-**

Particulars of Remuneration

Rupees in lakhs

Fee for attending board / committee meetings	Nil
Commission	Nil
Others, please specify	Nil
Total (2)	Nil
Total (B) = (I)+(II)	5.00
Ceiling as per the Act	1% of the Net Profits of the Company, Sitting Fees alone was paid

C. Remuneration to key managerial personnel other than MD.

Rupees in lakhs

Sl. No.	Particulars of Remuneration	Co.Secy	C F O	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.98	14.50	23.48
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total (C)	8.98	14.50	23.48

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**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 ended 31st March, 2018

Sl. No.	Name	Designation	Remuneration	Qualification	Experience	Date of Joining	Age	Last Employment (with designation)
1	N S Mohan	Chief Operating Officer	1954575	B.E (Chem)	40	10/4/2017	62	Chief Executive Operations, Chemplast Sanmar Limited
2	G Ramachandran	Managing Director	1822614	B.Tech, MBA	45	12/12/2011	66	Managing Director, Manali Petrochemicals Limited
3	S Nandakumar	Chief Financial Officer	1450494	M.Com., ACMA	37	1/12/1983	57	Accountant, Royalty Wines
4	G Mathivanan	Project Construction Manager	1239896	B.E. (MECH.)	27	8/2/2016	49	Ed, Firefrix Engineering
5	V Jayamuthumagesh	AGM-Human Resources	981498	MSW,LLB,DIP. In T&D	18	11/11/2015	40	SR. Manager - HR, GHCL
6	N Muthiah	AGM - Finance	923602	M. Com	38	1/4/1980	62	---
7	S Raghavan	Company Secretary	898264	B.Com., ACS	42	30/9/1981	64	The Deccan Sugar and Abkhari Company Limited
8	M Rajeshkumar	Manager - Operations	869976	B.E. (Chem)	12	1/10/2015	37	Operation Superintendent, Indian Additives Limited
9	S. Sahayaraj	AGM - Operations	866032	B.Sc. Chemistry	37	2/12/1981	60	---
10	T P Nellaiappan	Sr.Manager-Maintenance	702632	B.E (Chem), MBA	36	2/12/1981	57	---

**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Governance:**

The Company believes in good Corporate Governance and has been Practicing it for the conduct of its business and for meeting the obligations towards its Shareholders. The Company has implemented the guidelines and the existing practices and policies, which are significantly in conformity with the requirements stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015").

The Report on Corporate Governance followed by the Company for the year ended 31st March, 2018 is as follows:

Board of Directors**❖ Composition**

The Board of Directors of the Company comprises of an optimum combination of Executive and Non-Executive Directors,

which is in conformity with the Listing Regulations, 2015. As on 31st March, 2018, the Board of Directors of the Company comprised of 6 Directors. The Board comprises of one Executive Director and five Non-Executive Independent Directors. The Non-Executive Directors bring independent judgment in the Board deliberations and decisions. The Board of Directors is responsible for the management of the business of the Company and meets regularly for discharging its role and functions. All information as required under Listing Regulations, 2015 is being made available to the Board.

❖ Board Independence

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive, Independent Directors are independent in terms of Listing Regulations, 2015.

The composition of the Board, Directorships / Committee membership positions in other Companies as on Financial year ended 31 March, 2018, numbers of meetings held and attended during the year are as follows:

S.No	Director	Board Meetings during the year		Attendance at last AGM	No. of Other Directorships	No. of other Board – Committee positions held	
		Held	Attended			As Chairman	As Member
1.	Mr. B. Narendran Non-Executive Independent	4	4	Yes	Director - 5	4	4
2.	Dr. RM. Krishnan Non-Executive Independent	4	3	Yes	Director - 2	---	---
3.	Mr. S. Shankar Non-Executive Independent	4	3	Yes	Director – 1	1	2
4.	Mr. S. Asokan Non-Executive Independent	4	3	Yes	Director - 1	---	2
5.	Mrs. Rita Chandrasekar Non – Executive Independent	4	3	Yes	Director - 3	1	---
6.	Mr. G. Ramachandran Managing Director Executive Non-Independent	4	4	Yes	Director 3	---	---

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all public companies in which they are Directors.

❖ Board Meetings

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business. A tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation,

as permitted by law, which is noted and confirmed in the subsequent Board Meeting.

During the year viz., from 1st April, 2017 to 31st March, 2018, four Board Meetings were held. Dates of the Board Meeting and the attendance of the Directors in the meetings are given below:

Date of the Board Meeting	Strength of the Board	No. of Directors present
17/05/2017	6	3
06/09/2017	6	6
05/12/2017	6	6
05/02/2018	6	5



❖ Independent Directors' Meeting

During the year, the Independent Directors of the Company met separately on 5th February 2018 without the presence of other Director or Management representatives, to review the performance of Non-Independent Director and the Board of the Company and to assess the quality, quantity and timeliness of flow of information between the Management and the Board. The maximum interval between any two meetings was within the maximum allowed gap of 120 days.

Committees of the Board

The Board Committees are set up to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board Meetings for noting. The Board has currently established the following Committees:

Audit Committee

❖ Composition, Names of Chairman and Members

The Audit Committee of your Company was set up in the year 1986 well before the Corporate Governance Code became mandatory. During the year, the Audit Committee consisted of three Directors all being Non-Executive and Independent Directors. As on 31st March, 2018, the Chairman of the Committee is Mr. B.Narendran, Director and the other members of the Committee are Mr. S. Shankar, Director, Mr. S. Asokan, Director and Dr. RM Krishnan, Director. Dr. RM Krishnan was co-opted as a Member, effective from 12th May, 2017.

❖ Meetings and attendance

Four Meetings of the Audit Committee were held during the year. The dates are 17/05/2017, 06/09/2017, 05/12/2017 and 05/02/2018. The attendance of each Member of the Committee is given below

Names of Directors	No. of meetings attended
Mr. B. Narendran	4
Mr. S. Shankar	3
Mr. S. Asokan	3
Dr. RM. Krishnan	3

❖ Brief description of Terms of Reference

The Terms of Reference of the Audit Committee cover the matters specified for Audit Committees under Section 148 of the Companies Act, 2013, the rules made thereon and SEBI (LODR) Regulations, 2015.

Nomination and Remuneration Committee and Remuneration Policy.

Nomination and Remuneration Committee of the Board was constituted on 15th March, 2002 to formulate and recommend

to the Board, from time to time, the compensation structure for Directors of the Board. The Members as on 31st March, 2018 are M/s. B. Narendran, S. Shankar and Dr. RM. Krishnan.

❖ Remuneration to Directors

Mr. G. Ramachandran, was appointed as Vice President & Whole Time Director (WTD) of the Company for a period of two years with effect from 12/12/2011. Mr. G Ramachandran has been re-designated as Managing Director with effect from 1/11/2013 and was reappointed for a period of two years upto 11/12/2015. At the 43rd AGM held on 4th August, 2016, he has been reappointed for a further period of three years up to 11/12/2018. His remuneration has been fixed at Rs.20.00 lakhs per annum by the Nomination and Remuneration Committee. He has been paid a remuneration of Rs. 18.23 lakhs for the year ended 31st March, 2018. The Non-Executive Directors are being remunerated by way of Sitting Fees.

The Sitting Fees paid to Non-Executive Directors for the year ended 31st March, 2018 are as follows:

S.No	Name of the Director	Sitting Fees (Rs.)
1.	Mr. B. Narendran	1,25,000
2.	Dr. RM. Krishnan	93,750
3.	Mr. S. Shankar	93,750
4.	Mr. S. Asokan	93,750
5.	Mrs. Rita Chandrasekar	93,750

Stakeholders Relationship Committee:

❖ Details of the Members, number of complaints received and pending transfers as on 31st March, 2018.

The members of the Committee are Mr. B. Narendran, Director, Mr. G. Ramachandran, Managing Director and Mr. S. Asokan, Director. The Board of Directors of the Company has authorised the Managing Director to approve the share transfers and transmissions once in a fortnight.

This enabled the Company to expeditiously process and approve share transfers and transmissions, within 10-15 days of receipt of the investors' requests. The Company had no pending documents for transfer as on 31st March, 2018.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company who have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director and Chief Financial Officer to this effect is enclosed at the end of this Report. The Code of Conduct is also posted in the website of the Company viz., www.tacfert.in.



Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

CEO & CFO Certification

Certificate from Mr. G.Ramachandran, Managing Director & CEO and Mr. S. Nandakumar, CFO in terms of LODR for the year under review, was placed before the Board of Directors of the Company at its meeting held on 16th May, 2018.

Secretarial Audit

A secretarial audit was carried out by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014, Secretarial Audit was conducted by Mr. R.Kannan, Practicing Company Secretary for the year ended 31st March, 2018. Secretarial Audit Report forms part of the Annual Report.

General Meetings

Details of location, date and time of Annual General Meetings held during the last three years:

Year	Location	Date and Time
42nd AGM 2014 - 2015	Rajah Annamalai Hall, Esplanade, Chennai – 600 108	31st Jul 2015 10.00 am
43rd AGM 2015 - 2016	Rajah Annamalai Hall, Esplanade, Chennai – 600 108	4th Aug 2016 10.00 am
44th AGM 2016 - 2017	Rajah Annamalai Hall, Esplanade, Chennai – 600 108	28th Jul 2017 10.00 am

Disclosures

- ❖ During the year ended 31st March, 2018, there were no materially significant related party transactions having conflict with the interests of the Company.
- ❖ There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- ❖ No Resolution has been passed in Postal Ballot during the year 2017-18.

Means of Communication:

- ❖ The quarterly, half-yearly and yearly Financial Results of the Company are uploaded to the Bombay Stock Exchange immediately upon approval by the Board of Directors and are published in "Trinity Mirror" (English) and "Makkal Kural" (Tamil). The said results and other communication would be sent to the Registered email address of the Members.
- ❖ The Management Discussion and Analysis Report forms a part of this Annual Report

Details of compliance with mandatory requirements of SEBI (LODR) Regulations, 2015 and adoption of non mandatory requirements of Regulation 27(1) of LODR.

The Company is in compliance with all the mandatory provisions related to Corporate Governance pursuant to the requirements of the LODR with other applicable provisions, if any. The status of compliance with non-mandatory Regulation 27(1) of LODR are as under:

Shareholders' Rights : The half-yearly (including quarterly) financial performance are published in the newspapers and are also posted on the Company's website. The Company also used to report significant events to the Bombay Stock Exchange from time to time. Hence, the same are not being sent to the shareholders.

Audit Qualifications: During the period under review, there is no audit qualification in the Company's Financial Statements.

Reporting of the Internal Auditor: The Company is having independent Internal Auditor (separate from the employees). The Internal Auditor's used to send their reports to the CFO and in turn the reports are circulated to the members of the Audit Committee for their perusal.

Familiarization programme for Independent Directors: The familiarisation programme for Independent Directors was conducted during the year. As part of the programme the Directors have visited the Company's only factory at Tuticorin and took note of the entire operations of the factory in the first week of February 2018.

The MD (CEO) and CFO of the Company have certified to the Board on the integrity of the Financial Statements, effectiveness of internal controls and significant changes in internal control / accounting policies during the year as required under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

Code for Prevention of Insider Trading Practices.

In compliance with the SEBI regulation on prevention of insider trading, the Company has placed a comprehensive code of conduct for its directors, designated employees of the Company and their immediate relatives. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Subsequently, the Company has its code in line with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Functional website of the Company as per Regulation 46 of SEBI (LODR) Regulations, 2015.**

Pursuant to the requirement of Regulation 46 of the LODR Regulations, the Company maintains a functional website and the

website address is www.tacfert.in. Website of the Company provides the basic information about the Company e.g. details of its business, financial information, various policies, shareholding pattern & other details relevant to the shareholders and the Company is regularly updating the information provided on its website.

General Shareholder Information

1.	Annual General Meeting Date, Time and Venue	Friday, the 3rd August, 2018 at 10.00 a.m. Rajah Annamalai Hall, Esplanade, Chennai – 600 108.
2.	Financial Calendar April 2018 – March 2019	First Quarter Results - First Week of August, 2018 Half-Yearly Results - First Week of November, 2018 Third Quarter Results - first Week of February, 2019 Annual Results for the year ended 31st March 2019 - Last Week of May, 2019
3.	Record Date Book Closure Date	Nil 28.07.2018 TO 03.08.2018
4.	Listing of Equity Shares on Stock Exchanges	Bombay Stock Exchange Limited. The Company has paid the Listing Fees to the Stock Exchange up to date
5.	Registrar and Transfer Agents	Cameo Corporate Services Limited Subramanian Building, 1, Club House Road, Chennai – 600 002
6.	Stock Code Demat ISIN No.	506808 - Bombay Stock Exchange Limited. INE 400A01014
7.	Share Transfer System	The power to approve transfer and transmission of shares has been delegated by the Board to the Managing Director and Stakeholders Relationship Committee. Share Transfer requests are processed within a period of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names. The share certificates are dispatched by Registered Post
8.	Dematerialization of shares and liquidity	44.23% equivalent to 65,45,118 Equity Shares of the total Equity Capital is held in dematerialised form. The Company's equity shares are regularly traded in the Bombay Stock Exchange Limited in the compulsory demat form.
9.	Details of public funding obtained in the last three years Outstanding GDRs/ ADRs / Warrants of any convertible instruments. Depository Registry For providing connectivity to both the depositories viz., National Securities Depository Services Limited and Central Depository Services (India) Limited	No capital has been raised in the last three years from Public. Not Issued Cameo Corporate Services Limited Subramanian Building, 1, Club House Road Off. Anna Salai, Chennai - 600 002. Telephone No. : 28460390 Fax No. 28460129 Email: cameo@cameoindia.com
10.	Plant Location	Harbor Construction Road, Tuticorin - 628 005



11.	Compliance Officer & Address for Communication	Mr. S. Raghavan Company Secretary Tuticorin Alkali Chemicals and Fertilizers Limited 'SPIC House', 88, Mount Road, Guindy, Chennai – 600 032. Telephone No. 22352513 Email: info@tacfert.com
12.	Website	www.tacfert.in

To the Members of Tuticorin Alkali Chemicals and Fertilizers Limited:

DECLARATION TO THE MEMBERS PURSUANT TO SCHEDULE II – CORPORATE GOVERNANCE – SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, G Ramachandran, Managing Director and S Nandakumar, Chief Financial Officer, hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct, formulated by the Company, for the year ended 31st March, 2018.

Chennai
16th May, 2018

For and on behalf of the Board of Directors
S. NANDAKUMAR G. RAMACHANDRAN
Chief Financial Officer Managing Director

DISTRIBUTION OF HOLDINGS

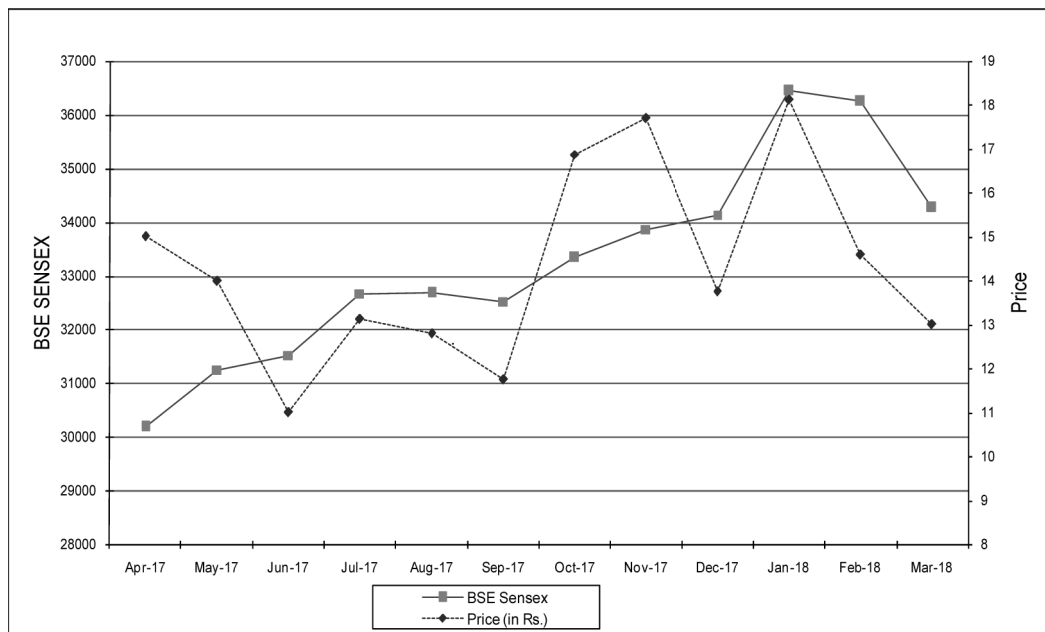
Shares	Number	% of total	Shares	% of total
1 - 100	13538	70.06	783825	5.30
101 - 500	4302	22.26	1206010	8.15
501 - 1000	825	4.27	696298	4.71
1001 - 2000	338	1.75	521982	3.53
2001 - 3000	103	0.53	262599	1.77
3001 - 4000	46	0.24	165696	1.12
4001 - 5000	50	0.26	239711	1.62
5001 - 10000	59	0.31	434937	2.94
10001 - And Above	62	0.32	10484772	70.86
	19323	100.00	14795830	100.00

MARKET / SHARE PRICE DATA BOMBAY STOCK EXCHANGE LIMITED, MUMBAI

Month	High	Low
Apr-17	15.00	11.20
May-17	14.00	10.85
Jun-17	11.00	8.25
Jul-17	13.12	8.80
Aug-17	12.80	10.12
Sep-17	11.75	9.90
Oct-17	16.87	10.28
Nov-17	17.70	11.85
Dec-17	13.75	11.11
Jan-18	18.11	12.60
Feb-18	14.58	10.97
Mar-18	13.00	7.85



Performance of the Company's Equity Shares vis-a-vis the BSE Sensex



Independent Auditors' Certificate on Corporate Governance

To the Members of
Tuticorin Alkali Chemicals and Fertilizers Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 28th June, 2017
2. We MSKA & Associates (Formerly known as MZSK & Associates), the Statutory Auditors of Tuticorin Alkali Chemicals and Fertilizers Limited (the 'Company') have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2018 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ('the Regulations') and as amended from time to time.

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditors' Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of relevant records and information and according to the explanations given to us and the representation provided by the Management, we certify that

the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, during the year ended March 31, 2018, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Chennai
Date: May 16, 2018

MSKA & ASSOCIATES
(FORMERLY KNOWN AS MZSK & ASSOCIATES)
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. 105047W
GEETHA JEYAKUMAR
PARTNER
MEMBERSHIP NO.029409

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,
The Members,
Tuticorin Alkali Chemicals and Fertilisers Limited

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

Based on my verification of M/s Tuticorin Alkali Chemicals and Fertilisers Limited'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 March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Tuticorin Alkali Chemicals and Fertilisers Limited ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) 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;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (v) The other laws as may be applicable specifically to the company in our opinion
 - (a) The Fertilizer (Control) Order 1985.
 - (b) The Tamil Nadu Water (Prevention and Control of Pollution) Rules, 1983.
 - (c) The Air (Prevention and Control of Pollution) Act, 1981.
 - (d) The Hazardous Waste (Management and Handling) Rules, 1989.
 - (e) The Boilers Act, 1923.



Based on a review of the compliance reports by functional heads of the company including The Plant elected in various location in India to Top Management/Board of Directors of the Company , I report that the company has substantially complied with the provision of those Acts that are applicable to it such as the factories Act 1948 , payment of wages Act 1936, Industrial Disputes act 1947, Minimum Wages act 1948, Employees Provident Fund Act 1952, Employees state Insurance act 1948, Public Liability insurance act 1991, Environment Protection act 1986 and Others. I also report that the Company was registered with BIFR as a Sick Company. The DRS submitted to BIFR through IDBI (OA) is now under implementation. NCLT's intervention has been sought for completion.

No specific violations in respect of Tax laws came to the notice of the undersigned from the review of the said check list. However I report that I have not carried out the audit with reference with the applicable financial laws, such as the Direct and Indirect Tax Laws, as same falls under the review of statutory audit and other designed professionals.

I report that there were no actions / events in pursuance of

- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

1. Secretarial standards on the meetings of the board of directors (SS-1) and General Meeting (SS-2) issued by the institute of Company Secretaries of India (icsi).

2. The Listing Agreement entered into by the company with the Stock Exchange namely Bombay Stock Exchange (BSE).

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, based on the information provided by the Company, its officers and authorised representatives during the conduct of audit, and also on review of quarterly compliance reports by respective department heads / company secretary, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with other applicable laws such as Labour Laws and Environmental Laws

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 the 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.

Majority decision is carried through while the dissenting members' views are 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 and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the company's affairs.

Chennai
16th May, 2018

R KANNAN
PRACTICING COMPANY SECRETARY
FCS No: 6718 C P No: 3363



INDEPENDENT AUDITORS' REPORT

To The Members of Tuticorin Alkali Chemicals and Fertilizers Limited Report on the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of matter

We draw attention to Note 36 to the IND AS Financial Statements, which states that the Company has incurred a net loss of Rs 4,514 lakhs during the year ended 31st March, 2018 and, as of that date, the Company's accumulated losses is Rs 26,487 lakhs which has fully eroded the Company's net worth. These conditions cast significant uncertainty on the Company's ability to continue as a going concern. However, as stated in the note, having regard to continued production in the Company, financial support from its promoters, further restructuring exercises being pursued, the Ind AS financial statements of the Company have been prepared on a going concern basis and that no adjustments are required to the carrying value of assets and liabilities.

Our opinion is not modified in respect of this matter.



Other Matter

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 17th May 2017 and 25th May 2016 respectively expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

MSKA & ASSOCIATES

(FORMERLY KNOWN AS MZSK & ASSOCIATES)

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 105047W

GEETHA JEYAKUMAR

PARTNER

MEMBERSHIP NO.029409

Place: Chennai

Date: May 16,-2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Tuticorin Alkali Chemicals and Fertilizers Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 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

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting 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.

MSKA & ASSOCIATES

(FORMERLY KNOWN AS MZSK & ASSOCIATES)

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 105047W

GEETHA JEYAKUMAR

PARTNER

MEMBERSHIP NO.029409

Place: Chennai

Date: May 16,-2018

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i
- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. All the fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c. With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date except for the following immovable properties:

No. of cases	Leasehold/ Freehold	Gross Block as at March 31, 2018	Net Block as at March 31, 2018
1	Freehold land	1.07 lakhs	1.07 lakhs

Immovable properties of land and buildings whose title deeds are deposited with banks as security for the working capital loans, are held in the name of the Company based on the Memorandum of Deposit of title deeds executed between the bank and the Company for which confirmations have been obtained from respective bankers.

- ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. The discrepancies noticed on verification of between the physical stocks and book records were not material and have been dealt with in the books.
- 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 ('the Act').
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2018 and the Company has not accepted any deposits during the year.
- vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete
- vii.
- a. According to the information and explanations given to us, the Company has generally been regular in depositing undisputed dues in respect of provident fund, employees' state insurance, Goods and Services tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to the company except in case of Deferred sales tax liability and Professional tax which were outstanding, as at March 31, 2018 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs. Lakhs)	Period to which the amount relates	Due Date	Date of Payment
Tamil Nadu Municipal Laws Act	Professional Tax	6.94	2006 to 2017	Various dates	Not paid
Tamil Nadu General Sales Tax Act, 1959	Deferred Sales tax	243.72	2003-04, 2004-05, 2005-06	Various dates	Not paid

- b. According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute, are as follows:



Name of the statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount Unpaid (Rs. Lakhs)
Tamil Nadu General Sales Tax Act, 1959	Purchase tax, Penalty	1983-84	Sales Tax Appellate Tribunal	67.93
Tamil Nadu General Sales Tax Act, 1959	Purchase tax, Penalty	1984-85	Hon'ble High Court of Madras	92.26
Tamil Nadu General Sales Tax Act, 1959	Sales tax	1996-97	Appellate Assistant Commissioner	0.37
The Central Sales Tax Act, 1956	Sales tax - Non submission of Prescribed Form (F Form)	1997-98	Appellate Assistant Commissioner	11.47
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	1997-98	Appellate Assistant Commissioner	175.72
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	2001-02	Sales Tax Appellate Tribunal	2.51
Finance Act, 1994	Service tax	2006-07	The Customs, Excise and Service Tax Appellate Tribunal	83.10
The Central Excise Act, 1944	Wrong Availment of Cenvat Credit	2007-08	Madurai Bench of Madras High Court	109.00
Employees Provident Funds & Miscellaneous Provisions act, 1952	Provident fund – Damages and Interest	2013-2016	Industrial Tribunal cum Labour Court	52.93

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowings from banks. The Company does not have any loans or borrowings from financial institutions and has not issued any debentures.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, 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 explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

MSKA & ASSOCIATES

(FORMERLY KNOWN AS MZSK & ASSOCIATES)

CHARTERED ACCOUNTANTS

FIRM REGISTRATION NO. 105047W

GEETHA JEYAKUMAR

PARTNER

MEMBERSHIP NO.029409

Place: Chennai

Date: May 16, 2018

BALANCE SHEET AS AT 31ST MARCH 2018

Rupees in Lakhs

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
A ASSETS				
1. Non-Current Assets				
a) Property, Plant and Equipment	3	6,191.95	5,366.75	2,750.77
b) Capital work-in-progress	3	335.20	708.12	568.02
c) Other non-current assets	4	704.19	749.25	759.14
d) Deferred Tax Asset (Net)	5	-	57.32	57.32
e) Income Tax Asset (Net)	6	56.79	53.46	53.72
TOTAL NON-CURRENT ASSETS		7,288.13	6,934.90	4,188.97
2. Current assets				
a) Inventories	7	2,924.00	3,311.10	3,911.42
<u>b) Financial assets</u>				
i) Other Investments	8	0.05	0.05	0.05
ii) Trade Receivables	9	2,155.12	416.44	1,828.65
iii) Cash and Cash equivalents	10 A	12.47	48.16	5.00
iv) Bank balances other than (iii) above	10 B	14.99	15.75	15.75
v) Other Financial Assets	11	20.33	17.47	15.21
c) Other Current Assets	12	199.41	156.99	258.75
TOTAL CURRENT ASSETS		5,326.37	3,965.96	6,034.83
TOTAL ASSETS		12,614.50	10,900.86	10,223.80
B EQUITY AND LIABILITIES				
1. Equity				
a) Equity Sare Capital	13	1,482.76	1,482.76	1,482.76
b) Other Equity	14	(25,856.07)	(21,341.54)	(17,754.24)
Total Equity		(24,373.31)	(19,858.78)	(16,271.48)
2. Liabilities				
a. Non-Current Liabilities				
<u>i) Financial Liabilities</u>				
Borrowings	15	3,625.38	3,505.03	3,384.68
Total Non-Current Liabilities		3,625.38	3,505.03	3,384.68
b. Current Liabilities				
<u>i) Financial Liabilities</u>				
a) Borrowings	16	8,459.55	8,422.28	8,252.82
b) Trade Payables	17	22,213.03	15,834.82	11,135.57
c) Other Financial Liabilities	18	1,696.46	2,028.00	2,690.93
ii) Other Liabilities	19	922.40	897.66	950.94
iii) Provisions	20	70.99	71.85	80.34
Total Current Liabilities		33,362.43	27,254.61	23,110.60
Total Liabilities		36,987.81	30,759.64	26,495.28
TOTAL EQUITY AND LIABILITIES		12,614.50	10,900.86	10,223.80
The accompanying notes No. 1 to 37 are an integral part of these financial statements				

For and on behalf of the Board

In terms of our report attached

S.RAGHAVAN

COMPANY SECRETARY

For MSKA & ASSOCIATES

B.NARENDRAN

(FORMERLY KNOWN AS MZSK & ASSOCIATES)

S.SHANKAR

Chartered Accountants

S.ASOKAN

GEETHA JEYAKUMAR

DIRECTORS

PARTNER

G.RAMACHANDRAN

MANAGING DIRECTOR

S.NANDAKUMAR

CHIEF FINANCIAL OFFICER

Place: Chennai

Date: 16 May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

Rupees in Lakhs

Particulars	Note no.	For the year ended 31 March 2018	For the year ended 31 March 2017
I Revenue from Operations (Inclusive of Excise Duty)	21	13658.57	14445.39
II Other Income	22	97.45	101.47
III Total Revenue (I + II)		13756.02	14546.86
IV Expenses			
Cost of Raw Material and Components consumed	23 A	6106.14	5811.59
Changes in Inventories of Finished Goods and Work-in-Progress.	23 B	(320.28)	828.97
Excise Duty on sale of Goods		299.83	1168.92
Employee Benefits Expense	24	1238.56	931.32
Finance Costs	25	321.20	318.85
Depreciation Expense	3	233.00	246.60
Other Expenses	26	10294.92	8764.32
Total expenses		18173.37	18070.57
V Profit / (Loss) before tax (III - IV)		(4417.35)	(3523.71)
VI Tax expense			
a) Current tax		-	-
b) Deferred tax - MAT Credit entitlement Written off		57.32	-
VII Profit / (Loss) for the year (V - VI)		(4474.67)	(3523.71)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements gains / (losses) on defined benefit plans		(39.86)	(63.59)
VIII Total Other Comprehensive Income / (Loss) for the year		(39.86)	(63.59)
IX Total Comprehensive Income / (Loss) for the year (VII - VIII)		(4514.53)	(3587.30)
X Earnings per Equity Share			
Basic and Diluted (in Rs.)		(30.51)	(24.25)
The accompanying notes No. 1 to 37 are an integral part of these financial statements			

For and on behalf of the Board

S.RAGHAVAN

COMPANY SECRETARY

S.NANDAKUMAR

CHIEF FINANCIAL OFFICER

G.RAMACHANDRAN

MANAGING DIRECTOR

B.NARENDRAN**S.SHANKAR****S.ASOKAN**

DIRECTORS

In terms of our report attached
For MSKA & ASSOCIATES

(FORMERLY KNOWN AS MZSK & ASSOCIATES)

Chartered Accountants

GEETHA JEYAKUMAR

PARTNER

Place: Chennai

Date: 16 May 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

Rupees in Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(4,417.34)	(3,523.72)
Adjustments for:		
Depreciation expenses	233.02	246.60
Finance cost	321.20	318.85
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(3,863.12)	(2,958.27)
Changes in Working Capital		
Adjustments for Increase / (Decrease) in		
Trade Payables	6,378.20	4,699.25
Inventories	387.10	600.32
Trade Receivables	(1,738.68)	1,412.22
Other Non Current Assets	45.06	9.89
Other Liabilities	24.73	(187.65)
Bank balances other than Cash and Cash equivalents	0.77	-
Other Financial Liabilities	(331.53)	(662.94)
Current Liabilities - Borrowings	37.27	169.46
Current Provisions	(40.72)	(72.08)
Other Financial Assets	(2.86)	(2.26)
Other Current Assets	(42.43)	101.76
CASH GENERATED USED IN OPERATIONS	853.79	3,109.70
Income tax paid	3.33	(0.26)
Net cash flows from operating activities (A)	850.46	3,109.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment including Capital Advances	(685.30)	(3,002.68)
Net cash flow used in investing activities (B)	(685.30)	(3,002.68)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Non-Current Liabilities - Borrowings		
Interest paid	(200.85)	(64.12)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(200.85)	(64.12)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(35.69)	43.16
Cash and cash equivalents at the beginning of the year	48.16	5.00
Cash and cash equivalents at the end of the year	12.47	48.16
	(35.69)	(43.16)
Cash and cash equivalents comprise (Refer Note No. 10)		
Cash on hand	0.32	0.62
Balances with banks	12.15	47.54
Total Cash and Bank balances at end of the year	12.47	48.16

For and on behalf of the Board

S.RAGHAVAN
COMPANY SECRETARY

S.NANDAKUMAR
CHIEF FINANCIAL OFFICER

G.RAMACHANDRAN
MANAGING DIRECTOR

B.NARENDRAN
S.SHANKAR
S.ASOKAN
DIRECTORS

In terms of our report attached
For MSKA & ASSOCIATES
(FORMERLY KNOWN AS MZSK & ASSOCIATES)
Chartered Accountants
GEETHA JEYAKUMAR
PARTNER

Place: Chennai

Date: 16 May 2018



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

Rupees in Lakhs

(A) Equity share capital	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of Rs. 10 each issued, subscribed and fully paid				
Opening at the year beginning	14,795,830	1,482.76	14,795,830	1,482.76
Add: Issued during the year	-	-	-	-
Closing at the year end.	14,795,830	1,482.76	14,795,830	1,482.76

(B) Other Equity	Particulars	Note No	Reserve and Surplus			Retained Earnings	Items of OCI	Total
			Capital Redemption Reserve	Securities Premium Reserve	General Reserve			
(A) Balance as at 1 April 2016		14	400.00	43.76	289.09	(18,488.91)	1.82	(17,754.24)
Movements during 2016-17								
Profit / (Loss) for the year 2016-17			-	-	-	(3,523.71)		(3,523.71)
Other comprehensive Loss						(63.59)		(63.59)
Total changes during the year						(3,523.71)		(3,587.30)
(B) Balance as at 31 March 2017			400.00	43.76	289.09	(22,012.62)	(61.77)	(21,341.54)
(A) Balance as at 31 March 2017		14	400.00	43.76	289.09	(22,012.62)	(61.77)	(21,341.54)
Movements during 2017-18								
Profit / (Loss) for the year 2017-18			-	-	-	(4,474.67)		(4,474.67)
Other comprehensive Loss						(39.86)		(39.86)
Total changes during the year						(4,474.67)		(4,514.53)
(B) Balance as at 31 March 2018			400.00	43.76	289.09	(26,487.29)	(101.63)	(25,856.07)

For and on behalf of the Board

S.RAGHAVAN
COMPANY SECRETARY

S.NANDAKUMAR
CHIEF FINANCIAL OFFICER

Place: Chennai
Date: 16 May 2018

B.NARENDRAN
S.SHANKAR
S.ASOKAN
DIRECTORS

G.RAMACHANDRAN
MANAGING DIRECTOR

In terms of our report attached
For MSKA & ASSOCIATES
(FORMERLY KNOWN AS MZSK & ASSOCIATES)
Chartered Accountants
GEETHA JEYAKUMAR
PARTNER



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note 1 GENERAL INFORMATION

Tuticorin Alkali Chemicals And Fertilizers Limited ('the Company'/TFL'), having its registered office at Chennai is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange Limited. The Company is manufacturing and selling Soda Ash and Ammonium Chloride Fertiliser and has its manufacturing facility at Tuticorin.

Note 2 SIGNIFICANT ACCOUNTING POLICIES**i) Basis of preparation of financial statements****a. Statement of Compliance with IND AS**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 are the first set of financial statements prepared in accordance with Ind AS. The date of transition to Ind AS is 1 April 2016. Refer note 34 for an explanation of how the Company has adopted Ind AS.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

- i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- ii. Asset classified as held for sale

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

c. Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years

affected. Refer Note 34 for detailed discussion on estimates and judgments.

ii. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Transition to IND AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on fixed assets is charged over the estimated useful life of the fixed assets at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013. Assets purchased/sold during the year are depreciated on a pro-rata basis, based on the actual number of days the assets have been put to use. Assets individually costing upto Rs.5,000/- are depreciated fully over a period of one year from the date of purchase.

Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

iii. Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

iv. Foreign Currency Transactions**a. Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

**b. Transactions and balances**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

v. Fair value measurements

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

vi. Revenue Recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns and allowances, trade discounts and volume rebates, value added taxes, goods and service tax (GST). Consignment and depot sales are recognized after confirmation of sale by the Consignee.

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

vii. Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

a. Current Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b. Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

viii. Leases**As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Also initial direct cost incurred in operating lease such as commissions, legal fees and internal costs is recognised immediately in the Statement of Profit and Loss.

As a lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

ix. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:



Raw materials, packaging materials and stores and spare parts are valued at weighted average cost. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Work in Process is valued at cost. Finished goods are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

x. Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

xi. Provisions and Contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

xii. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank

overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

xiii. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- at amortized cost; or
- at fair value through other comprehensive income; or
- at fair value through profit or loss.

Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

Derecognition of financial assets

A financial asset is derecognized only when

- the rights to receive cash flows from the financial asset is transferred or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities



held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition

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

c. Offsetting financial instruments

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

xiv. Employee Benefits

a. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Other long-term employee benefit obligations

Defined Contribution plan

Contributions paid/payable to defined contribution plans comprising of Superannuation (under a scheme of Life Insurance Corporation of India) and Provident Funds for certain employees covered under the respective Schemes are recognised in the Statement of Profit and Loss each year.

The company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Defined benefit plans

Gratuity: The Company's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligation under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions

in respect of such scheme are recognized in the profit or loss. The liability as at the Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year. 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

Compensated Absences

Accumulated compensated absences, which are expected to be availed or en-cashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or en-cashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under defined benefit plans can be en-cashed only on discontinuation of service by employee.

xv. Contributed Equity

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xvi. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

xvii. 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 capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

xviii. Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.



Notes to the financial statements for the year ended 31st March, 2018

3. Property, Plant and Equipment and Capital Work-in-Progress

Rupees in Lakhs

Carrying amounts of :	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Land and Development *	38.93	38.93	38.93
Factory and Other Buildings	701.44	665.25	710.05
Roads	16.81	22.47	28.22
Plant and Machinery (including Windmill)	5,301.31	4,496.98	1,836.30
Handling Equipment	11.36	12.18	11.19
Electrical Equipments	91.77	93.96	84.90
Furniture and Fixtures	26.07	29.65	31.42
Vehicles	4.26	7.33	9.76
	6,191.95	5,366.75	2,750.77

* Includes 5.85 acres of Land yet to be registered in favour of the Company.

Particulars	Land and Development	Factory and Other Buildings	Roads	Plant and Machinery (including Windmill)	Handling Equipment	Electrical Equipments	Furniture and Fixtures	Vehicles	Total
COST OR DEEMED COST									
Balance as at April 1, 2016	38.93	710.05	28.22	1,836.30	11.19	84.90	31.42	9.76	2,750.77
Additions	-	-	-	2,846.77	1.45	12.46	1.90	-	2,862.58
Balance as at 31 March 2017	38.93	710.05	28.22	4,683.07	12.64	97.36	33.32	9.76	5,613.35
Additions	-	87.13	-	1,004.95	-	0.43	-	-	1,092.51
Assets Written Off	-	-	-	(210.36)	-	-	-	-	(210.36)
Balance as at 31 March 2018	38.93	797.18	28.22	5,477.66	12.64	97.79	33.32	9.76	6,495.50

Particulars	Land and Development	Factory and Other Buildings	Roads	Plant and Machinery (including Windmill)	Handling Equipment	Electrical Equipments	Furniture and Fixtures	Vehicles	Total
ACCUMULATED DEPRECIATION AND IMPAIRMENT									
Balance as at April 1, 2016	-	-	-	-	-	-	-	-	-
Depreciation expense	-	44.80	5.75	186.09	0.46	3.40	3.67	2.43	246.60
Balance as at 31 March 2017	-	44.80	5.75	186.09	0.46	3.40	3.67	2.43	246.60
Assets written off	-	-	-	(176.05)	-	-	-	-	(176.05)
Depreciation expense	-	50.94	5.66	166.31	0.82	2.62	3.58	3.07	233.00
Balance as at 31 March 2018		95.74	11.41	176.35	1.28	6.02	7.25	5.50	303.55

CARRYING AMOUNTS									
Carrying amount as at 1 April 2016	38.93	710.05	28.22	1,836.30	11.19	84.90	31.42	9.76	2,750.77
Carrying amount as at 31 March 2017	38.93	665.25	22.47	4,496.98	12.18	93.96	29.65	7.33	5,366.75
Additions	-	87.13	-	1,004.95	-	0.43	-	-	1,092.51
Assets Written Off	-	-	-	(34.31)	-	-	-	-	(34.31)
Depreciation expense	-	50.94	5.66	166.31	0.82	2.62	3.58	3.07	233.00
Carrying amount as at 31 March 2018	38.93	701.44	16.81	5,301.31	11.36	91.77	26.07	4.26	6,191.95

Capital Work in Progress

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Capital Work in Progress excluding Capital Advances	335.20	708.12	568.02
Total Capital Work in Progress	335.20	708.12	568.02

**4. Other Non Current Assets**

Rupees in Lakhs

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Un-secured - Considered Good			
a) Deposits	638.56	662.21	616.72
b) Capital advances	-	-	55.38
c) Balances with Statutory Authorities	65.63	65.63	65.63
d) Other advances			
- Considered good	-	21.41	21.41
- Considered doubtful	21.41	-	-
- Allowances for doubtful debts	(21.41)	-	-
Total Other Non Current Assets	704.19	749.25	759.14

5. Deferred tax Asset (Net):

Significant components of deferred tax assets / liabilities recognized in the Balance Sheet are as follows:

Rupees in Lakhs

2017-18	Opening Balance	Recognized in Profit and Loss	Closing Balance
Deferred tax Liabilities			
Property, Plant and Equipments	2,164.56	(1,318.18)	846.38
Deferred tax assets:			
Unabsorbed Depreciation	2,114.19	(1,291.54)	822.65
Provision for Doubtful Debts	50.37	(26.64)	23.73
Net Deferred Tax Assets / (Liabilities)	-	-	-
MAT Credit Entitlement	57.32	(57.32)	-
Net Deferred Tax Asset	57.32	(57.32)	-
2016-17	Opening Balance	Recognized in Profit and Loss	Closing Balance
Deferred Tax Liabilities			
Property, Plant and Equipments	1,912.21	252.35	2,164.56
Deferred Tax Assets:			
Unabsorbed Depreciation / Business Loss	1,861.84	252.35	2,114.19
Provision for Doubtful Debts	50.37	-	50.37
Net Deferred Tax Assets / (Liabilities)	-	-	-
MAT Credit Entitlement	57.32	-	57.32
Net Deferred Tax Asset	57.32	-	57.32

Tax losses of Rs. 16,585 Lakhs (31 March 2017: Rs. 11,815 Lakhs, 1 April 2016: Rs. 8,394 Lakhs) are available for offsetting for a maximum period of eight years against future taxable profits of the Company. The Company has recognized Deferred tax Assets only to the extent of Deferred Tax Liabilities in the absence of convincing evidence of future taxable profits. The majority of the Deferred Tax Liabilities represent accelerated tax relief for the depreciation of Property, Plant and Equipment.

6 Income Tax Asset

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Advance Income-Tax	12.61	12.61	12.61
Tax Deducted at Source	44.18	40.85	41.11
Total Income Tax Asset	56.79	53.46	53.72

7. Inventories

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Inventories (lower of cost and net realisable value)			
- Raw Materials	412.26	805.62	796.65
-Work-in-Progress	154.11	130.50	191.02
-Finished Goods	1,739.74	1,443.07	2,211.51
-Stores and Spares	617.89	931.91	712.24
Total Inventories	2,924.00	3,311.10	3,911.42

During the year ended 31 March 2018, Rs. 1,008.31 Lakhs (31 March 2017: Rs. 638.80 Lakhs) was recognized as expense for inventories recognized at net realizable value.

**8. Other Investments**

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Investment in Government or Trust Securities National Savings Certificate - Non-traded Unquoted Investment (lodged with Government Department as Security Deposit)	0.05	0.05	0.05
Total Other Investments	0.05	0.05	0.05

9. Trade Receivables (Un-secured) - at amortised cost

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Considered Good	2,155.12	416.44	1828.65
Considered Doubtful	50.37	50.37	50.37
Allowance for Doubtful Debts	(50.37)	(50.37)	(50.37)
Total Trade Receivables	2,155.12	416.44	1,828.65

The credit period on sales of goods ranges from 10 to 120 days. No interest is charged on trade receivables up to the due date

10A. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Cash on hand	0.32	0.62	0.67
Balances with Banks in current accounts	12.15	47.54	4.33
Total Cash and Cash Equivalents	12.47	48.16	5.00

10B. Bank balances other than above

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Margin money deposits	14.99	15.75	15.75
Total Bank Balances	14.99	15.75	15.75

11. Other Financial Assets

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Other loans and receivables	20.33	17.47	15.21
Total Other Financial Assets	20.33	17.47	15.21

12. Other Current Assets

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Advances given to Vendors	78.82	64.79	179.17
Advances given to Employees	0.35	2.07	2.07
Balances with Government Authorities - CENVAT/VAT Credit receivable	84.32	46.29	33.12
Prepaid Expenses	35.92	43.84	44.39
Total Other Current Assets	199.41	156.99	258.75

**13. Equity Share Capital**

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Authorised Share Capital :			
a) 1,50,00,000 fully paid Equity Shares of Rs.10 each. (2017: 1,50,00,000, 2016: 1,50,00,000)	1,500.00	1,500.00	1,500.00
	1,500.00	1,500.00	1,500.00
Issued Share Capital			
1,48,90,430 Equity Shares of Rs.10 each (2017: 1,48,90,430, 2016: 1,48,90,430)	1,489.04	1,489.04	1,489.04
	1,489.04	1,489.04	1,489.04
Subscribed and fully Paid up Capital			
1,47,95,830 Equity Shares of Rs.10 each (2017: 1,47,95,830, 2016: 1,47,95,830)	1,479.58	1,479.58	1,479.58
Add : Forfeited Shares	3.18	3.18	3.18
Total Subscribed and fully paid up	1,482.76	1,482.76	1,482.76

(i) There is no movement in the number of equity shares during the year and in the previous year.

(ii) Shares held by shareholders holding more than 5% of shares

Name / Institution	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
Equity Shares of Rs.10 each						
Southern Petrochemical Industries Corporation Limited	6680113	45.15	6680113	45.15	6680113	45.15
Vijay Kumar Agarwal	1176385	7.95	1394345	9.43	1394345	9.43
Delhi Iron & Steel Co (P) Ltd			785111	5.30	785111	5.30

(iii) Terms attached to Equity Shares

The Company has one class of equity share having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

14. Other Equity

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
General Reserve	289.09	289.09	289.09
Securities Premium Reserve	43.76	43.76	43.76
Capital Redemption Reserve	400.00	400.00	400.00
Retained Earnings	(26,487.29)	(22,012.62)	(18,488.91)
Other Comprehensive Income	(101.63)	(61.77)	1.82
Total Other Equity	(25,856.07)	(21,341.54)	(17,754.24)

(i) General Reserve

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at beginning of year	289.09	289.09
Movements	-	-
Balance at end of year	289.09	289.09

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.



(ii) Securities Premium Reserve

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at beginning of year	43.76	43.76
Movements	-	-
Balance at end of year	43.76	43.76

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Company's Act, 2013.

(iii) Retained Earnings

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at beginning of year	(22,012.62)	(18,488.91)
Loss for the year	(4,474.67)	(3,523.71)
Balance at end of year	(26,487.29)	(22,012.62)

Retained earnings represents the Company's undistributed earnings / (losses) after taxes.

(iv) Capital Redemption Reserve

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at beginning of year	400.00	400.00
Movements	-	-
Balance at end of year	400.00	400.00

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed these preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(v) Other Comprehensive Income

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at beginning of year	(61.77)	1.82
Movements	(39.86)	(63.59)
Balance at end of year	(101.63)	(61.77)

15. Non-Current Borrowings (Un-secured)

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
At amortised cost			
Redeemable Cumulative Preference Shares			
Redeemable cumulative preference shares of Rs.100 each (Issued, subscribed and fully paid up) - Refer Notes (i) to (iv) (Also refer note 16 (iii))	2,000.00	2,000.00	2,000.00
Dividend payable on Preference Shares	1,625.38	1,505.03	1,384.68
Total non-current borrowings	3,625.38	3,505.03	3,384.68

(i) Details of Authorised and Issued Share Capital

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Authorized			
24,00,000 Redeemable Cumulative Preference Shares of Rs. 100 each (2017: 24,00,000, 2016: 24,00,000)	2,400.00	2,400.00	2,400.00
Issued			
1,00,000 12% Redeemable Cumulative Preference Shares of Rs.100 each (2017: 1,00,000, 2016: 1,00,000)	100.00	100.00	100.00
3,00,000 8 % Redeemable Cumulative Preference Shares of Rs.100 each (2017: 3,00,000, 2016: 3,00,000)	300.00	300.00	300.00
20,00,000 5 % Redeemable Cumulative Preference Shares of Rs. 100 each (2017: 20,00,000, 2016:20,00,000)	2,000.00	2,000.00	2,000.00



(ii) There is no movement in the number of preference shares during the year and in the previous year.

(iii) Shares held by shareholders holding more than 5% of shares

Name / Institution	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
8% Redeemable Cumulative Preference Shares of Rs.100 each Twinshield Consultants Private Limited	300,000	100.00	300,000	100.00	300,000	100.00
5% Redeemable Cumulative Preference Shares of Rs.100 each Southern Petrochemical Industries Corporation Limited	2,000,000	100.00	2,000,000	100.00	2,000,000	100.00

(iv) Rights, Preference and restrictions attaching to each class of shares

8% Redeemable Cumulative Preference - These shares shall confer the holders thereof, the right to a fixed preferential dividend (cumulative in nature and payable in arrears) from the date of allotment at a rate of 8 %, on the capital being paid up. These shares are redeemable at par at the end of 20 years from the date of allotment. Rs.150 Lakhs was allotted on 1st January 1998 and the remaining Rs.150 Lakhs was allotted on 1st May 1998.

5% Redeemable Cumulative Preference - These shares shall confer the holders thereof, the right to a fixed preferential dividend (cumulative in nature and payable in arrears) from the date of allotment on 29th September 2004 at a rate of 5 %, on the capital being paid up. These shares are redeemable at par at the end of 20 years from the date of allotment.

16. Current Borrowings

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
At amortised cost			
Secured Loans			
Loan repayable on demand from Banks (Refer Note (ii) below)	800.04	791.65	651.07
Un-secured Loans			
8% Redeemable cumulative preference shares of Rs.100 each (Refer Note 14(i) to 14(iv) (Also refer Note (iii) below)	300.00	300.00	300.00
Dividend payable on Preference Shares (Refer Note (iii) below)	593.21	564.33	535.45
From Related Parties - Southern Petrochemical Industries Corporation Limited (Refer Note (i) and (iii) below)	1,047.30	1,047.30	1,047.30
From others (Refer Note (iii) below)	5,719.00	5,719.00	5,719.00
Total Current Borrowings	8,459.55	8,422.28	8,252.82

Notes

- Borrowings from SPIC are repayable on demand. No interest is charged on the outstanding loan balance.
- Cash Credit from Banks are secured by hypothecation of raw materials, finished goods, work-in-process, stores and book debts and a second charge on the other assets of the company.
- The Company has obtained approval of the shareholders for issue of Equity Shares on Preferential Basis to Promoter and their Associates at the Extraordinary General Meeting held on 10th April 2018. Pursuant to the proposed issue of Equity Shares, the Authorised Share Capital for Equity Shares has been increased from Rs.39 Crores to Rs.122 Crores.

The Company proposes to issue 10,70,40,000 Equity Shares of Rs.10/- "at par" on the Preferential Basis to promoter and promoter group by conversion of existing Preference Shares issued and conversion of advances received from promoter group Companies subject to regulatory approvals.



17. Trade Payables

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Trade Payables			
(i) dues to microand small enterprises (Note No.32)			
(ii) dues to other than micro and small enterprises:			
(a) Amount due on account of goods supplied	14,691.23	11,408.56	8103.37
(b) Amount due on account of goods traded	329.02	329.02	329.02
(c) Amount due on account of services rendered	2,819.50	1,463.70	1119.48
(d) Amount due to employees	210.30	107.69	102.88
(e) Amount due to Others	4,162.98	2,525.85	1,480.82
Total Trade Payables	22,213.03	15,834.82	11,135.57

Terms and Conditions of the above financial liabilities

Trade payables are normally Non-Interest bearing. For maturity profile of trade payables and other financial liabilities refer Note No.29.3.

For explanations on the group's credit risk management processes, refer to Note No. 29.3.

18. Other Financial Liabilities

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
At Amortised cost			
Current			
a) Amount due to VOC Port Trust	1,356.16	1,666.52	1,279.53
b) Deferred Sales Tax	243.72	243.72	243.72
c) Other payables	96.58	117.76	1,132.58
d) Current Maturities of long term debt	-	-	35.00
e) Unpaid Matured deposits and interest accrued there on	-	-	0.10
Total Other Financial Liabilities	1,696.46	2,028.00	2,690.93

19. Other Current Liabilities

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
a) Advance received for Start up expenses	459.04	459.04	504.04
b) Statutory dues payable	143.15	150.14	131.88
c) Gratuity payable	320.21	288.48	315.02
Total Other Current Liabilities	922.40	897.66	950.94

20. Provisions

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Employee benefits			
Provision for Compensated Absences	70.99	71.85	80.34
Total Provisions	70.99	71.85	80.34

21. Revenue from Operations

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a) Sale of Products (Including excise duty)		
Light Soda Ash	9,632.21	10,194.52
Dense Soda Ash	0.65	274.43
Sodium Bi-Carbonate	6.18	120.63
Ammonium Chloride (Fertiliser Grade)	3,634.38	3,815.96
Other products	313.59	18.28
b) Other Operating Revenues		
Sale of scrap	71.56	21.57
Net Sales Revenue	13,658.57	14,445.39

**22. Other Income**

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a) Interest income	34.24	38.88
b) Others		
i) Rent	56.60	53.94
ii) Gain on foreign currency transactions and translation (net)	5.25	7.69
iii) Others	1.36	0.96
Total Other Income	97.45	101.47

23A. Cost of Materials Consumed

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Raw Material Cost		
Salt	956.35	884.26
Ammonia	4,683.14	4,218.79
Carbon-di-oxide	90.48	250.85
Lime	301.71	372.10
Process Chemicals	61.80	66.06
Lab Chemicals	12.66	19.53
Total Cost of Materials Consumed	6,106.14	5,811.59

23B. Changes in Inventories of Finished Goods and Work-in-Process

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening Stock		
Finished Goods	1,443.07	2,211.52
Work-in-Process	130.50	191.02
Closing Stock		
Finished Goods	1,739.74	1,443.07
Work-in-Process	154.11	130.50
(Increase) / Decrease in stock	(320.28)	828.97

24. Employee Benefit Expense

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and Wages	898.35	643.75
Contribution to Provident Fund and Superannuation	75.78	64.97
Contribution to Gratuity Fund	57.22	37.06
Staff Welfare Expenses	207.21	185.54
Total Employee Benefit Expense	1,238.56	931.32

25. Finance Costs

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest costs :		
Dividend on Redeemable Preference Shares	149.23	149.23
Other Interest Expense	171.97	169.62
Total Finance Costs	321.20	318.85

26. Other Expenses

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Power and Fuel	5,032.58	3996.24
Water Charges	1,135.58	624.85
Rent	330.45	324.96
Rates and Taxes	102.08	223.33
Insurance	38.76	39.59



Repairs and Maintenance		
-- Building	212.60	186.11
-- Plant and Machinery	1,023.56	952.64
-- Others	104.93	122.22
Packing, Transportation and Handling	732.88	1049.44
Commission and Discount on Sales	1,290.49	998.79
Travel, Telephone, Printing & Stationery	59.62	54.80
Directors Sitting Fees	5.00	5.31
Auditors Remuneration	5.12	6.11
Miscellaneous Expenses	221.27	179.93
Total Other Expenses	10,294.92	8,764.32

Payments to Auditors included in the Miscellaneous Expenses are given below :

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
For Audit	5.00	5.75
For Other Services	0.12	0.36
Total Auditors Remuneration	5.12	6.11

27. Earnings per Share

Earnings per Share	For the Year	
	31 March 2018	31 March 2017
Basic earnings per share (in Rupees)	(30.51)	(24.25)
Diluted earnings per share (in Rupees)	(30.51)	(24.25)
The calculation of the Basic and Diluted Earnings per share is based on the following data		
Loss for the year after tax (Rupees in Lakhs)	(4,514.53)	(3,587.30)
Weighted average number of shares outstanding during the year		
Basic	1,47,95,830	1,47,95,830
Diluted	1,47,95,830	1,47,95,830

28. Segment Reporting

The Company is engaged in the manufacture of Soda Ash and Ammonium Chloride (Dual Products) which is the only business segment determined in accordance with Ind AS 108, "Operating Segment". Hence there are no reportable business segments to be disclosed as required by the said standard.

Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

29 Financial Instruments

29.1 Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings, trade and other payables as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

Rupees in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity	1,482.76	1,482.76	1,482.76
Debt	12,084.93	11,927.31	11,672.50
Cash and cash equivalents	12.47	48.16	5.00
Net Debt	12,072.46	11,879.15	11,667.50
Total Capital (Equity+Net Debt)	13,555.23	13,361.91	13,150.26
Net Debt to Capital ratio	89.06	88.90	88.72



In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately

call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.

29.2 Categories of Financial Instruments

Rupees in Lakhs

Particulars	As at		
	31 March 2018	31 March 2017	1 April 2016
A. Financial Assets			
Measured at amortised cost			
(a) Investments	0.05	0.05	0.05
(b) Trade Receivables	2,155.12	416.44	1,828.65
(c) Cash and Cash Equivalents	12.47	48.16	5.00
(d) Other Bank balances	14.99	15.75	15.75
(e) Other Financial assets	20.33	17.47	15.21
B. Financial Liabilities			
Measured at amortised cost			
(a) Long term Borrowings	3,625.38	3,505.03	3,384.68
(b) Short term Borrowings	8,459.55	8,422.28	8,252.82
(c) Trade payables	22,213.02	15,834.82	11,135.57
(d) Other financial liabilities	1,696.46	2,027.99	2,690.93

29.3. Financial Risk and Management Objectives

The Company's activities expose it to a variety of financial risks, credit risks, liquidity risks and market risks

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

1. Credit Risks

"Credit risk is the risk of financial loss to the company, if a customer or the counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit risk exposure.

Trade Receivables

The Company's exposure to credit risks is influenced mainly by individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry. Credit

risk has always been managed by the company through its credit approvals, establishing credit limits and continuously monitoring the credit worthiness of its customer based on which the company agrees on the credit terms with the customers in the normal course of business.

Credit risks on cash and cash equivalents and other bank balances is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by International and Domestic Credit Rating Agencies. Credit risk from balances with banks, borrowings from related parties and financial institutions is managed by the Company's treasury department in accordance with the guidelines framed by the board of directors of the Company. Guidelines broadly covers the selection criterion and over all exposure which the Company can take with a particular financial institution or bank. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

2. Liquidity Risks

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging to the company's reputation.

The table below provides the details regarding the contractual maturities of significant financial liabilities as follows;



(Rs. In lakhs)

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31-Mar-2018					
Long-term borrowings		-	-	3,625.38	3,625.38
Short term borrowings	800.04	7,659.51	-	-	8,459.55
Trade payables	4,704.42	16,580.20	928.37	-	22,212.99
Other financial liability	0.54	765.76	930.16	-	1,696.46
	5,505.00	25,005.47	1,858.53	3,625.38	35,994.38
31-Mar-17					
Long-term borrowings	-	-	-	3,505.03	3,505.03
Short term borrowings	791.65	7,630.63	-	-	8,422.28
Trade payables	2,071.93	12,750.37	1,012.53	-	15,834.83
Other financial liability	0.54	2,027.45	-	-	2,027.99
	2,864.12	22,408.45	1,012.53	3,505.03	29,790.13
1-Apr-16					
Long-term borrowings	-	-	-	3,384.68	3,384.68
Short term borrowings	651.07	7,601.75	-	-	8,252.82
Trade payables	1,457.05	8,966.47	712.05	-	11,135.57
Other financial liability	0.54	2,690.39	-	-	2,690.93
	2,108.66	19,258.61	712.05	3,384.68	25,464.00

3. Market Risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns.

4. Foreign Currency Risks

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the company. The functional currency of the company is Indian Rupees (INR). The currencies in which these transactions are primarily denominated is US Dollars (USD).

- The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:

Rupees in Lakhs

Particulars	Liabilities at			Assets at		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
<u>Trade Payables</u>						
a) Amount due on account of goods supplied	134.69	79.23	80.41			
b) Amount due to others	-	-	1,060.31			
<u>Trade Receivables</u>						
Considered Good				202.45	-	-
<u>Cash and Cash Equivalents</u>						
Current Account - Dollar Account				7.89	3.93	-

b. Foreign Currency Sensitivity Analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

Rupees in Lakhs

Currency impact relating to the foreign currencies of	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
Rs/USD - increase by 10%	7.60	7.60	(7.50)	(7.50)	(114.10)	(114.10)
Rs/USD - decrease by 10%	(7.60)	(7.60)	7.50	7.50	114.10	114.10

**5. Interest Rate Risks**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's outstanding debt in local currency is on fixed rate basis and hence not subject to interest rate risk.

Fair Value Measurements

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in fair value hierarchy

As at 31 March, 2018

Rupees in Lakhs

Particulars	Note	Carrying Amount				Fair Value			
		Financial Assets at amortised cost	Mandatorily at FVTPL	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial Assets not measured at fair value									
Investments	7	0.05	-	-	0.05	-	0.05	-	0.05
Trade Receivables	8	2,155.12	-	-	2,155.12	-	2,155.12	-	2,155.12
Cash and Cash Equivalents	9	12.47	-	-	12.47	-	12.47	-	12.47
Other Bank Balances	9	14.99	-	-	14.99	-	14.99	-	14.99
Other Financial Assets	10	20.33	-	-	20.33	-	20.33	-	20.33
Total		2,202.96	-	-	2,202.96	-	2,202.96	-	2,202.96
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	14	-	-	3,625.38	3,625.38	-	3,625.38	-	3,625.38
Current Borrowings	16	-	-	8,459.55	8,459.55	-	8,459.55	-	8,459.55
Trade Payables	17	-	-	22,213.02	22,213.02	-	22,213.02	-	22,213.02
Other Financial Liabilities	18	-	-	1,696.46	1,696.46	-	1,696.46	-	1,696.46
Total		-	-	35,994.41	35,994.41	-	35,994.41	-	35,994.41

As at 31 March, 2017

Rupees in Lakhs

Particulars	Note	Carrying Amount				Fair Value			
		Financial Assets at amortised cost	Mandatorily at FVTPL	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial Assets not measured at fair value									
Investments	7	0.05	-	-	0.05	-	0.05	-	0.05
Trade Receivables	8	416.44	-	-	416.44	-	416.44	-	416.44
Cash and Cash Equivalents	9	48.16	-	-	48.16	-	48.16	-	48.16
Other Bank Balances	9	15.75	-	-	15.75	-	15.75	-	15.75
Other Financial Assets	10	17.47	-	-	17.47	-	17.47	-	17.47
Total		497.87	-	-	497.87	-	497.87	-	497.87
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	14	-	-	3,505.03	3,505.03	-	3,505.03	-	3,505.03
Current Borrowings	16	-	-	8,422.28	8,422.28	-	8,422.28	-	8,422.28
Trade Payables	17	-	-	15,834.82	15,834.82	-	15,834.82	-	15,834.82
Other Financial Liabilities	18	-	-	2,027.99	2,027.99	-	2,027.99	-	2,027.99
Total		-	-	29,790.12	29,790.12	-	29,790.12	-	29,790.12



As at 01 April, 2016

Rupees in Lakhs

Particulars	Note	Carrying Amount				Fair Value			
		Financial Assets at amortised cost	Mandatorily at FVTPL	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial Assets not measured at fair value									
Investments	7	0.05	-	-	0.05	-	0.05	-	0.05
Trade Receivables	8	1,828.65	-	-	1,828.65	-	1,828.65	-	1,828.65
Cash and Cash Equivalents	9	5.00	-	-	5.00	-	5.00	-	5.00
Other Bank Balances	9	15.75	-	-	15.75	-	15.75	-	15.75
Other Financial Assets	10	15.21	-	-	15.21	-	15.21	-	15.21
Total		1,864.66	-	-	1,864.66	-	1,864.66	-	1,864.66
Liabilities									
Financial Liabilities not measured at Fair Value									
Non Current Borrowings	14	-	-	3,384.68	3,384.68	-	3,384.68	-	3,384.68
Current Borrowings	16	-	-	8,252.82	8,252.82	-	8,252.82	-	8,252.82
Trade Payables	17	-	-	11,135.57	11,135.57	-	11,135.57	-	11,135.57
Other Financial Liabilities	18	-	-	2,690.93	2,690.93	-	2,690.93	-	2,690.93
Total		-	-	25,464.00	25,464.00	-	25,464.00	-	25,464.00

30. Employee Benefit Plans

a) Defined Contribution Plans

The Company has recognised Rs.75.78 lakhs (March 31, 2017: Rs. 64.97 lakhs) as expense in Statement of Profit or Loss towards defined contribution plans. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as March 31, 2018. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit through annual contributions to insurer managed funds.

The Company is exposed to various risks in providing the above gratuity benefit which are as follows;

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

The details of actuarial valuation in respect of Gratuity and Long Term Compensated Absences liability are given below:

Rupees in Lakhs

Particulars	Gratuity		Long Term Compensated Absences	
	As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Present value of benefit obligation as at beginning of the year	288.48	315.02	71.85	80.34
Service cost	37.40	12.65	0.89	0.93
Interest cost	19.82	24.40	5.21	5.68
Remeasurment(gain)/loss				
- Actuarial (gain)/loss arising from change in Financial Assumption	2.96	-	(1.99)	2.19
- Actuarial (gain)/loss arising from experience adjustments	36.90	(63.59)	(4.98)	(3.23)



Benefits paid	(65.35)	-	-	(14.06)
Projected benefit obligation at the end of the year	320.21	288.48	70.98	71.85
Changes in Fair value of Planned Assets				
Fair value of plan assets as at beginning of the year				
Interest Income				
Contributions				
Benefits paid	(65.35)	-	-	(14.06)
Remeasurement gain/(loss)	65.35	-	-	14.06
Actuarial gain/(loss) on plan asset				
Fair value of plan asset at the end of the year	-	-	-	-
Amount recognised in the balance sheet				
Projected benefit obligation at the end of the year	320.21	288.48	70.98	71.85
Fair value of the plan assets at the end of the year	-	-	-	-
Funded Status of Plans- Liability Recognised in Balance Sheet	320.21	288.48	70.98	71.85
Components of defined benefit cost recognised in Profit and loss				
Current service cost	37.40	12.65	0.89	0.93
Net Interest Expense	19.82	24.41	5.21	5.68
Net cost in Profit and Loss	57.22	37.06	6.10	6.61
Components of defined benefit cost recognised in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial (gain)/loss arising from change in Financial Assumption	2.96	-	-	-
- Actuarial (gain)/loss arising from experience adjustments	36.90	(63.59)	-	-
Return on Plan Assets	-	-	-	-
Net Cost in Other Comprehensive Income	39.86	(63.59)	-	-

ASSUMPTIONS

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

Rupees in Lakhs

Particulars	As at	
	31 March 2018	31 March 2017
Discount rate	7.56%	7.75%
Expected rate of salary increase	5%	5%
Expected rate of attrition	3%	3%
Mortality rate	100%	100%

The principal assumptions used for the purposes of the actuarial valuations of Long term Compensated absences are given below

Particulars	As at	
	31 March 2018	31 March 2017
Discount rate	7.69%	7.25%
Expected rate of salary increase	5%	5%
Expected rate of attrition	3%	3%

The Company has generally invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes

payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Rupees in Lakhs

Particulars	As at	
	31 March 2018	31 March 2017
Discount rate		
- Increase 0.5%	68.86	69.67
- Decrease 0.5%	(73.26)	(74.18)
Salary Escalation		
- Increase 0.5%	73.31	74.22
- Decrease 0.5%	(68.80)	69.62
Attrition Rate		
- Increase of 5%	71.13	71.97
- Decrease of 5%	(70.85)	71.74

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.



Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.

The Company's best estimate of the contribution expected to be paid to the plan during the next year is Rs. 17.45 Lakhs (2017; Rs. 65.38)

31. Contingent Liabilities and Commitments

Rupees in Lakhs

Particulars	As at		
	31 March 2018	31 March 2017	1 April 2016
a. Claims against the Company for Purchase Tax, Sales Tax and Penalties not acknowledged as debt and not provided for	415.90	415.90	415.90
b) Disputed claims for Rent and Interest on Dues of VOC Port Trust, Tuticorin	2,335.00	2,120.26	1,980.23
c) Excise and Service tax dues on appeal by the Department	192.10	192.10	192.10
d) Employees Provident Fund Interest and damages for delayed payment	52.93	-	-
Total	2,995.93	2,728.26	2,588.23

B. Commitments

The company does not have any contracts remaining to be executed.

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

There are no over due amounts payable to Micro, Small & Medium Enterprises [MSME] as on the Balancesheet date or anytime during the year and hence no interest has been paid/payable. This is based on the information on such parties having been identified on the basis of information available with the Company and relied upon by the auditors.

33. Related Party Disclosure

i) The list of related parties as identified by the Management and relied upon by the auditors are as under

Entities exercising Significant Influence over the Company
Southern Petrochemicals Industries Corporation Limited

Key managerial personnel

G.Ramachandran, Managing Director

33a. Related party transactions

(i) Transactions during the year

Rupees in Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Southern Petrochemical Industries Corporation Limited		
Purchase of goods	107.08	296.11
Sale of goods	287.98	2.36
Receiving of services	7.02	5.31

(ii) Balance at the end of the year

Particulars	As at		
	31 March 2018	31 March 2017	01 April 2016
Southern Petrochemical Industries Corporation Limited			
Receivables at the end of the year	264.40	1.42	-
Payables at the end of the year	4,671.09	4,407.86	4605.67

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Key Management Personnel Compensation		
Salaries, Wages and Bonus	15.60	15.60
Value of perquisites	2.63	2.33
Total Compensation	18.23	17.93

34 Transition to INDAS

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2018, together with the comparative year data as at and for the year ended 31 March 2017, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

a. Deemed Cost

The Company has elected to continue with the carrying value of all of its plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Mandatory Exemption on first-time adoption of Ind AS

a. Estimates

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



same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP.

b. Derecognition of Financial Assets and Financial Liabilities

"A first-time adopter should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively to transactions occurring on or after the date of transition. Therefore, if a first-time adopter derecognized non-derivative financial assets or non-derivative financial liabilities under its Indian GAAP as a result of a transaction that occurred before the date of transition, it should not recognize those financial assets and liabilities under Ind AS (unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the derecognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

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

c. Classification and measurement of Financial Assets

Financial Instruments: (Loan to employees and security deposits paid) :

(a) Reconciliation of equity as at date of transition 1 April 2016

Rupees in Lakhs

	Indian GAAP*	Notes to first-time adoption	Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2,706.54	f(iv)	44.23	2,750.77
Capital Work-in-Progress	568.02		-	568.02
Other Non-Current Assets	759.14		-	759.14
Deferred Tax Asset (Net)	57.32		-	57.32
Income Tax Asset	53.72		-	53.72
Total Non-Current assets	4,144.74		44.23	4,188.97
Current Assets				
Inventories	3,955.65	f(iv)	(44.23)	3,911.42
Financial Assets				
Other Investments	0.05		-	0.05
Trade Receivables	1,828.65		-	1,828.65
Cash and Cash equivalents	5.00		-	5.00
Bank balances other than Cash and Cash equivalents	15.75		-	15.75
Other Financial Assets	15.21		-	15.21
Other Current Assets	258.75		-	258.75
Total Current Assets	6,079.06		(44.23)	6,034.83
Total Assets	10,223.80		-	10,223.80
Equity				
Equity Share Capital	3,782.75	f(i)	(2,299.99)	1,482.76
Other Equity	(15,835.93)	(d)	(1,918.31)	(17,754.24)
Total Equity	(12,053.18)		(4,218.30)	(16,271.48)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	-	f(i)	3,384.68	3,384.68
Total Non-Current Liabilities	-		3,384.68	3,384.68



Current Liabilities				
Financial Liabilities				
Borrowings	7,417.37	f(i)	835.45	8,252.82
Trade Payables	11,135.57		-	11,135.57
Other Financial Liabilities	2,690.93		-	2,690.93
Other Current Liabilities	950.94		-	950.94
Provisions	82.17	f(iii)	(1.83)	80.34
Total Current Liabilities	22,276.98		833.62	23,110.60
Total Liabilities	22,276.98		4,218.30	26,495.29
Total Equity and Liabilities	10,223.80		-	10,223.80

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(b) Reconciliation of equity as at 31 March 2017

Rupees in Lakhs

	Indian GAAP*	Notes to first-time adoption	Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	5,326.64	f(iv)	40.11	5,366.75
Capital Work-in-Progress	708.12		-	708.12
Other Non-Current Assets	749.25		-	749.25
Deferred Tax Asset (Net)	57.32		-	57.32
Income Tax Asset	53.46		-	53.46
Total Non-Current Assets	6,894.79		40.11	6,934.90
Current Assets				
Inventories	3,355.33	f(iv)	(44.23)	3,311.10
Financial Assets				
Other Investments	0.05		-	0.05
Trade Receivables	416.44		-	416.44
Cash and Cash equivalents	48.16		-	48.16
Bank balances other than Cash and Cash equivalents	15.75		-	15.75
Other Financial Assets	17.47		-	17.47
Other Current Assets	156.99		-	156.99
Total Current Assets	4,010.19		(44.23)	3,965.96
Total Assets	10,904.98		(4.12)	10,900.86
Equity				
Equity Share Capital	3,782.75	f(i)	(2,299.99)	1,482.76
Other Equity	(19,287.04)	(d)	(2,054.50)	(21,341.54)
Total Equity	(15,504.29)		(4,354.49)	(19,858.79)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	-	f(i)	3,505.03	3,505.03
Total Non-Current Liabilities	-		3,505.03	3,505.03
Current Liabilities				
Financial Liabilities				
Borrowings	7,557.95	f(i)	864.33	8,422.28
Trade Payables	15,834.82		-	15,834.82
Other Financial Liabilities	2,027.99		-	2,027.99
Other Current Liabilities	897.67		-	897.66
Provisions	90.84	f(iii)	(18.99)	71.85
Total Current Liabilities	26,409.27		845.34	27,254.61
Total Liabilities	26,409.27		4,350.37	30,759.64
Total Equity and Liabilities	10,904.98		(4.12)	10,900.86

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



(c) Reconciliation of profit or loss for the year ended 31 March 2017

Rupees in Lakhs

	Indian GAAP*	Notes to first-time adoption	Adjustments	Ind AS
Income				
Revenue from Operations	13,276.47	f(ii)	1,168.92	14,445.39
Other Income	101.47		-	101.47
Total Income	13,377.94		1,168.92	14,546.86
Expenses				
Cost of Material Consumed	5,811.59		-	5,811.59
Changes in Inventories of Finished Goods and Work-in-Progress.	828.97		-	828.97
Excise Duty on Sale of Goods	-	f(ii)	1,168.92	1,168.92
Employee Benefit Expense	1,012.07	f(iii)	(80.75)	931.32
Finance Costs	169.62	f(i)	149.23	318.85
Depreciation and Amortization Expense	242.48	f(iv)	4.12	246.60
Other Expenses	8,764.32		-	8,764.32
Total Expenses	16,829.05		1,241.52	18,070.57
Profit /(Loss) before tax	(3,451.11)		(72.60)	(3,523.71)
Income Tax Expense				
Current Tax	-		-	-
Deferred Tax	-		-	-
Total income tax expense			-	-
Profit / (Loss) for the year	(3,451.11)		(72.60)	(3,523.71)
Other Comprehensive Income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Re-measurement gains/ (losses) on defined benefit plans	-	f(iii)	(63.59)	(63.59)
Other Comprehensive Income for the year	-		(63.59)	(63.59)
Total Other Comprehensive Income for the year	(3,451.11)		(136.19)	(3,587.30)

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

d. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Rupees in Lakhs

	Notes to first-time adoption	As at 31 March 2017	As at 1 April 2016
Shareholder's Equity as per Indian GAAP Audited Financial Statements		(15,504.29)	(12,053.18)
Adjustment			
(i) Depreciation on Capitalised Stores and Spares	f(iv)	(4.12)	-
(ii) Dividend on Redeemable Preference Shares	f(i)	(2,069.36)	(1,920.13)
(iii) Remeasurement of Gratuity Liability	f(iii)	18.99	1.82
(iv) Cumulative Redeemable Preference Shares - Reclassified to Borrowings	f(i)	(2,300.00)	(2,300.00)
Total Adjustment		(4,354.50)	(4,218.31)
Shareholder's Equity as per Ind AS		(19,858.79)	(16,271.49)

(e) Impact of Ind AS adoption on cash flow statements for the year ended 31 March 2017

Rupees in Lakhs

	Indian GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	3,109.96	-	3,109.96
Net cash flow from investing activities	(3,002.68)	-	(3,002.68)
Net cash flow from financing activities	(64.12)	-	(64.12)
Net increase / (decrease) in Cash and Cash Equivalents	43.16	-	43.16
Cash and Cash Equivalents as at 1 April 2016	5.00	-	5.00
Cash and Cash Equivalents as at 31 March 2017	48.16	-	48.16

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**(f) Notes to first-time adoption****(i) Preference shares**

Under previous GAAP, redeemable preference shares were classified as part of total equity. Accumulated unpaid dividend on these preference shares were reflected as contingent liabilities and not recognised as finance costs in profit or loss. However, under Ind AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not based on its legal form. These preference shares do not contain any equity component and hence, have been classified in their entirety as a financial liability under Ind AS. The resultant dividends have been recognised as finance costs in profit or loss.

(ii) Excise Duty

"Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the consolidated statement of profit and loss. The change does not affect total equity as at April 1, 2016 and March 31, 2017, profit before tax or total profit for the year ended March 31, 2017."

(iii) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost for the year ended 31 March 2017 is reduced by Rs 80.75 lakhs and re-measurement gains / losses on defined benefit plans of the corresponding amount has been recognized in the OCI for Rs 63.59 lakhs. The impact on the opening equity comes to Rs 1.83 lakhs.

(iv) Capitalized Stores and Spares

Spares that meet the definition of property, plant and equipment under IND AS 16 have been reclassified from Inventory to Property, Plant and Equipments. Spares worth Rs 44.23 lakhs as of April 01, 2016 have been identified and reclassified as Property, Plant and Equipment. Depreciation on these spares for the year 2016-17 amounted to Rs 4.12 lakhs.

35. Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

b. Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- (i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- (ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of the above standards are not expected to have any significant impact on the Company's financial statements

36 Going Concern

The company has incurred a Net Loss of Rs 4,514 lakhs during the year ended March 31, 2018 and, as on that date, the Company's accumulated loss is Rs.26,487 lakhs which has fully eroded the Company's net worth. However, having regard to continued production of the company, financial support from its promoters, further restructuring exercise being pursued etc, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. The losses during the year are due to lower operating level consequent to the limitations imposed by the CO₂ Capture Plant / Boiler and the restriction on availability of required quantity of CO₂ for production.

37 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 16, 2018.

S.RAGHAVAN
COMPANY SECRETARY

S.NANDAKUMAR **G.RAMACHANDRAN**
CHIEF FINANCIAL OFFICER MANAGING DIRECTOR

B.NARENDRAN
S.SHANKAR
S.ASOKAN
DIRECTORS

FORM NO. MGT 11
PROXY FORM

TUTICORIN ALKALI CHEMICALS AND FERTILIZERS LIMITED

CIN L24119TN1971PLC006083

Registered Office "SPIC HOUSE", 88, MOUNT ROAD, GUINDY, CHENNAI – 600 032.

Email id : info@tacfert.com

Phone : 044 2235 2513

Name of the Member(s):	
Registered address:	
Folio No/ Clint Id:	
DP ID:	
E-mail Id:	

I/We being the member(s) holding _____ shares of the above named Company hereby appoint

- Name:**

Address:.....

E-mail Id:.....

Signature:, or failing him / her
- Name:**

Address:.....

E-mail Id:.....

Signature:, or failing him / her

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 45th Annual General Meeting of the Company, to be held on Friday, the 3rd August, 2018 at 10.00 a.m. at "Rajah Annamalai Hall", Esplanade, Chennai 600 108 and at any adjournment thereof in respect of such Resolutions, in the manner as indicated below:

Resolution No.	Description	Type of Resolution	Optional	
			For	Against
	Ordinary Business			
1.	Adoption of Audited Financial Statements for the year ended 31st March, 2018	Ordinary		
2.	Re-appointment of Mr. G. Ramachandran as Director, who retires by rotation.	Ordinary		
	Special Business			
3.	Approval of Remuneration to Cost Auditor	Ordinary		
4.	Creation of charge in favor of consortium of Bankers.	Special		

Signed thisday of, 2018.

Signature of Shareholder: _____

Signature of Proxy holder _____

Affix revenue stamp not less than Rs.0.15

Note:

- This form of proxy, in order to be effective, should be duly completed and deposited at the Registered and Principal Office of the Company at SPIC House, 88, Mount Road, Guindy, Chennai – 600 032 not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Note, please refer to the Notice of the 45th AGM
- It is optional to put ✓ in the appropriate column against the Resolution indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.
- Members may note that a person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.



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TUTICORIN ALKALI CHEMICALS AND FERTILIZERS LIMITED

Registered and Principal Office: "SPIC House" 88 Mount Road, Guindy, Chennai - 600 032.
(CIN : L24119TN1971PLC006083)

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF "RAJAH ANNAMALAI HALL", ESPLANADE, CHENNAI-600 108.

Folio No:	
-----------	--

DP. ID*	
Client ID*	

* Applicable to investors holding shares in electronic form

NAME & ADDRESS OF THE SHAREHOLDER

.....
.....
.....

I hereby record my presence at the 45th Annual General Meeting at "Rajah Annamalai Hall", Esplanade, Chennai - 600 108 on Friday, the 3rd August, 2018 at 10.00 a.m.

Signature of the Member or Proxy

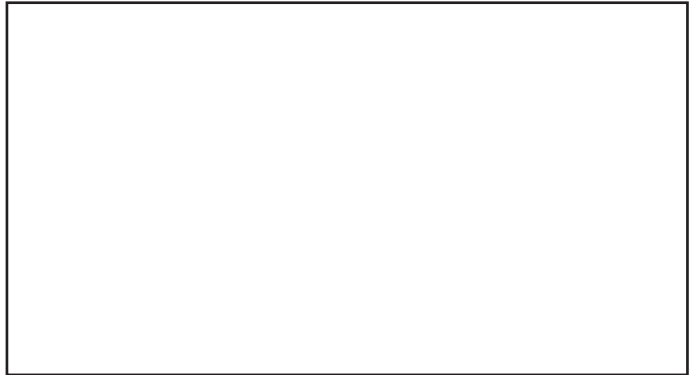
Shares Held

Note:

1. The Company is offering electronic voting facility to its members in respect of the ordinary / special business to be transacted at the ensuing AGM, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014.
2. Please read instructions given at Page No. 2 of this Report.



To.

A large, empty rectangular box with a thin black border, intended for the recipient's name and address.

If undelivered, please return to:

Tuticorin Alkali Chemicals and Fertilizers Limited

“SPIC House”,

88, Mount Road,

Guindy,

Chennai - 600 032.

Tamilnadu, India