CA Report - Devpurgi

1

INDEPENDENT AUDITORS REPORT

To
The Members of
Advance Petrochemicals Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Advance Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 , the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rules issued there under.

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.

Auditor's 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 there under.

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 auditor's 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Basis for qualified opinion

The Company has not provided for the employees bonus and post employment and other long term employee benefit in the Ind AS Financial Statement, as the company recognizes the post employment and other long term employee benefits as an expense in the Profit & Loss account in the year of payment which is in line with the companies policy mentioned in Note-36 to the Ind AS Financial Statement. However company is required to provide for the post employment and other long term employee benefits on actuarial valuation basis as per the requirement of Indian Accounting Standard 19- "Employee Benefit". In absence of the provision for the post employment and other long term employee benefit in the Ind AS financial Statement, we are unable to quantify the impact of such provision on financial position and result of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

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 previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by another Auditor, whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 29th May, 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those financial statements except qualified opinion in respect of post employment and other long term employee benefits.(Refer Note No.36)

Our opinion is also qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure-A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as 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.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 and 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 Companies Act,2013.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

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

i. The Company has disclosed the impact of pending litigations on its Ind AS 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 amount required to be transferred to the Investor Education and Protection Fund by the Company.

For Devpura Navlakha & Co.,
Chartered Accountants,
(F.R.N. 121975W)

DEVPURA NAVLAKHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

Ashwini Devpura
Partner
Partner
M.No.047390

Place:Ahmedabad
Date: 30/05/2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ADVANCE PETROCHEMICALS LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date,

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

(b) As explained to us, the fixed assets have been physically verified by the management in a phased manner designed to cover all the items over the period of three years, which are reasonable having regard to size of the company and nature of its business.

(c) According to Information and Explanation given by Management and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management during the year and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the company and the same have been properly dealt with in the books of account .

(iii) The Company has not granted secured/ unsecured loans to Companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Consequently requirement of Clause (iii) of paragraph 3 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the companies Act, 2013 in respect of loans, Investments, Guarantees and securities, as applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provision a of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the products of the Company. Accordingly, the provisions of clauses 3(vi) of the order are not Applicable to the Company and hence not commented upon.

(vii) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value added tax, Cess, Goods and service tax and other material statutory dues applicable to it.

(b)According to the information and explanations given to us and the records of the company examined by us, in our opinion , no undisputed amount payable in respect of outstanding statutory dues were in arrears as at March, 2018 for a period of more than six months from the date they become payable .

(C)Following amounts have not been deposited as on March 31, 2018 on account of any dispute:

Nature of Statute	**Nature of the dues**	**Rs. In Lacs**	**Period to which the amount relates**	**Forum where matter is pending**
Central Sales Tax Act	Assessment Dues	93.64	Year :2013-14	The office of Commissioner- Appeal

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

(ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clauses 3(ix) of the order are not Applicable to the Company and hence not commented upon.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) According to the information and explanation given to us, in our opinion, the Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act,2013 ,where applicable and the details have been disclosed in the Ind AS financial statements etc. as required by the applicable Ind accounting standards.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, requirements of clause (xii) of paragraph 3 of the order are not applicable.

(xvi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Devpura Navlakha & Co.,
Chartered Accountants,
(F.R.N. 121975W)

DEVPURA NAVLAKHA & CO. AHMEDABAD

Ashwini Devpura
Partner
Partner
M.No.047390

Place:Ahmedabad
Date: 30/05/2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ADVANCE PETROCHEMICALS LIMITED

Report on the Internal Financial Controls 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 **Advance Petrochemicals 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Devpura Navlakha & Co.,

Chartered Accountants,

(F.R.N. 121975W)

Ashwini Devpura

Partner

M.No.047390

Place:Ahmedabad

Date: 30/05/2018

Advance Petrochemicals Limited
Balance sheet as at March 31, 2018

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
I. Non-Current Assets				
(a) Property, Plant and Equipment	6	20554712	17859245	19123662
(b) Capital Work-in-Progress	6	0	2538999	0
(c) Financial Assets				
(i)Non-current Investments	7	3596205	3596205	3596205
(ii)Long term Loans	8	2200000	2000000	2000000
(iii)Other Non-current Financial Assets	9	22000	102000	140290
(d) Other Non-Current Assets	10	339773	1296024	1296024
Total Non-Current Assets		26712690	27392473	26156181
II. Current Assets				
(a) Inventories	11	54370536	39734285	26720343
(b) Financial Assets				
(i)Trade receivables	12	18525218	12632410	23036374
(ii)Cash and cash equivalents	13	3705484	1572058	2199264
(iv)Short term Loans	14	2156940	196000	576000
(c) Current tax assets (Net)	15	52482	26614	5367
(d) Other current assets	16	1403058	4377874	5289397
Total Current Assets		80213718	58539241	57826745
Total Assets		106926408	85931714	83982926
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	17	9000000	9000000	9000000
Other Equity	18	9203884	8357600	7503773
Total Equity		18203884	17357600	16503773
LIABILITIES				
I. **Non-Current Liabilities**				
(a) Financial liabilities				
(i)Long term Borrowings	19	18723182	16325419	15309017
(b) Deferred tax liabilities (Net)	20	2535367	2542813	2376022
Total Non-Current Liabilities		21258549	18868232	17685039
II. **Current liabilities**				
(a) Financial liabilities				
(i)Short term Borrowings	21	42116900	30022421	34631820
(ii)Trade payables	22	21390667	14410140	11589433
(iii)Other current financial liabilities	23	2551069	3776738	2487329
(b) Other current liabilities	24	1101551	980097	773981
(c) Short-Term Provisions	25	303788	516486	311551
Total Current Liabilities		67463975	49705882	49794114
Total Equity and Liabilities		106926408	85931714	83982926
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements.

For Devpura Navlakha & Co.
Chartered Accountants
Firm's Registration No. 121975W

CA Ashwini Devpura
Partner
Membership No.047390
Ahmedabad
Date: 30/05/2018

For and on behalf of the board of directors of
Advance Petrochemicals Limited

NATRAJ ARLI (CPD)

Ashok Goenka
CMD
DIN 00086925
Ahmedabad
Date: 30/05/2018

Arvind V Goenka
Director
DIN 00093200

Advance Petrochemicals Limited

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

(Amount in Rs.)

	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
	Income			
i	Revenue from operations			
	Sale of Products	26	130242475	105297886
	Revenue from operations		130242475	105297886
ii	Other income	27	784195	280571
iii	**Total income (i + ii)**		131026670	105578457
iv	**Expenses**			
	Cost of raw materials and packing material consumed	28	104578104	71506115
	Excise Duty Paid		2840701	16822463
	Changes in inventories of finished goods and work-in-progress	29	(10508019)	(12104072)
	Employee benefits expense	30	9627671	7650737
	Finance costs	31	6429905	5776594
	Depreciation and amortisation expense	32	1813333	1794614
	Other expenses	33	15290561	12589536
	Total expenses (iv)		130072256	104035987
v	**Profit before exceptional items and tax (iii-iv)**		954414	1542470
vii	Exceptional items		0	0
viii	**Profit before tax (v-viii)**		954414	1542470
ix	**Tax expense**			
	(1) Current tax	34	303788	516486
	(2) Short/ (Excess) provision of IT earlier year written back		(188212)	5367
	(3) Deferred tax	34	(7446)	166791
x	Total tax expense (ix)		108130	688644
xi	**Profit for the year (viii-x)**		846284	853826
xii	**Other comprehensive income**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		0	0
xiii	**Total other comprehensive income for the year, net of tax**		0	0
xiv	**Total comprehensive income for the year, net of tax (xi+ xiii)**		846284	853826
xv	Earning per equity share [nominal value Rs 10 per share `10/- (March 31, 2017)]			
	(1) Basic	35	0.94	0.95
	(2) Diluted	35	0.94	0.95
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

For Devpura Navlakha & Co.
Chartered Accountants
Firm's Registration No. 121975W

CA Ashwini Devpura
Partner
Membership No.047390

Ahmedabad
Date:30/05/2018

For and on behalf of the board of directors of
Advance Petrochemicals Limited

Ashok Goenka
CMD
DIN 00086925

Arvind V Goenka
Director
DIN 00093200

NATRAJ ARLI
(CFO)

Ahmedabad
Date: 30/05/2018

Advance Petrochemicals Limited
Statement of cash flows for the year ended March 31, 2018

(Amount in Rs.)

Part	Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
A	**Operating activities**				
	Profit Before taxation		954414		1542470
	Adjustments to reconcile profit before tax to net cash flows:				
	Depreciation /Amortization	1813333		1794614	
	Interest Income	(530653)		(280256)	
	Interest and Other Borrowing Cost	6429905		5776594	
	Dividend Income	(594)		(315)	
	foreign exchange rate difference	(252948)		19288	
			7459043		7309925
	Operating Profit before Working Capital Changes		8413457		8852395
	Working Capital Changes:				
	Changes in Inventories	(14636251)		(13013942)	
	Changes in trade payables	6980527		2820707	
	Changes in other current liabilities	121454		206116	
	Changes in Borrowings	12094479		(4609399)	
	Changes in other financial liabilities	(1225669)		1289409	
	Changes in Current tax Assets	(25869)		(21247)	
	Changes in trade receivables	(5892808)		10403964	
	Changes in other current assets	2974808		911523	
	Changes in financial assets (Loan)	(1960940)		380000	
			(1570269)		(1632869)
	Direct Taxes paid (Net of Income Tax refund)		(516486)		(311551)
	Cash From Operating Activities Before Extra-Ordinary Items		6326702		6907975
	Adjusment for:				
	foreign exchange rate difference		252948		(19288)
	excess/ (Short) provision written off		188212		(5367)
	Net Cash from Operating Activities (A)		6767862		6883320
B	**Cash Flow from Investing Activities**				
	Purchase of property, plant & equipment/intangible assets	(1969800)		(3069195)	
	Decrease in other Financial Assets	80000		38290	
	increase in Loans and advances given	(200000)		0	
	Decrease in other Non Financial Assets	956259		0	
	Dividend Income	594		315	
	Interest Income	530653		280256	
	Net cash flow from Investing Activities (B)		(602294)		(2750334)
C	**Cash Flow from Financing Activities**				
	Total proceeds from borrowings	2397763		1016402	
	Interest and Other financial charges Paid	(6429905)		(5776594)	
	Net Cash flow from Financing Activities (C)		(4032142)		(4760192)
	Net Increase/(Decrease) in cash & cash equivalents (A+B+C)		2133426		(627206)
	Cash & Cash equivalent at the beginning of the year		1572058		2199264
	Cash & Cash equivalent at the end of the year		3705484		1572058

Cash and cash equivalents comprise of (Note-13)		
Cash on Hand	1951393	1512037
Balances with Banks	1754091	60021
Cash and cash equivalent restated	3705484	1572058

As per our report of even date

For Devpura Navlakha & Co.
Chartered Accountants
Firm's Registration No. 121975W

CA Ashwini Devpura
Partner
Membership No.047390

Ahmedabad
Date: 30/05/2018

For and on behalf of the board of directors of
Advance Petrochemicals Limited

Ashok Goenka
CMD
DIN 00086925

Arvind V Goenka
Director
DIN 00093200

Ahmedabad
Date: 30/05/2018

NATRAJ ARLI
(CPO)

Advance Petro Chemicals Limited

Statement of changes in Equity for the year ended March 31, 2018

A. Equity Share Capital

Balance	(Amount in Rs.) Note-17
As at April 1, 2016	9000000
Issue of Equity share Capital	0
As at March 31, 2017	9000000
Issue of Equity share Capital	0
As at March 31, 2018	9000000

B.Other Equity

Attributable to the equity holders (Amount in Rs.)

Particulars	Reserves & Surplus		
	Retained Earnings Note-18	Revaluation Surplus/ Reserve Note-18	Total
Balance as at April 1, 2016	6539207	964566	7503773
Profit/ Loss for the Period	853827	0	853827
Other comprehensive income for the year	0	0	0
Total Comprehensive income for the year	853827	0	853827
Issue of Share Capital	0	0	0
Balance as at March 31, 2017	7393034	964566	8357600
Balance as at April 1, 2017	7393034	964566	8357600
Profit/ Loss for the Period	846284	0	846284
Other comprehensive income for the year	0	0	0
Total Comprehensive income for the year	0	0	0
Issue of Share Capital	0	0	0
Balance as at March 31, 2018	8239318	964566	9203884

The Accompanying notes are an integral part of the Financial statements

As per our report of even date

For Devpura Navlakha & Co.
Chartered Accountants
Firm's Registration No. 121975W

CA Ashwini Devpura
Partner
Membership No.047390

Ahmedabad
Date: 30/05/2018

DEVPURA NAVLAKHA & CO. AHMEDABAD CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of
Advance Petrochemicals Limited

NATRAJ ARLI (CFO)

Ashok Goenka
CMD
DIN 00086925

Arvind V Goenka
Director
DIN 00093200

Ahmedabad
Date: 30/05/2018

ADVANCE PERTOCHEMICALS LTD.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

1. Corporate Information

ADVANCE PETROCHEMICALS LTD., a Chemical Industry of ADVANCE GROUP OF COMPANIES, One of the Business House at Ahmadabad. Company Established in 1984 by eminent industrialist late Shri Vishwanath Goenka. Company is engaged in manufacturing of Ethanol Amines, Alkyl Alknolamines, Non Ionic Surfactants, Oil field chemicals, Polyethylene Glycol, Leing Inhibitor for aviation fuel, Acrylic & co- Acrylic Binder Glycol Ether, Auxillaries & Specialty Chemical Hydraulic Brake Fluid, Radiator coolant etc.

The financial statements were authorized for issue in accordance with a resolution of the Board of directors on May 30, 2018.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act. These financial statements for the year ended March 31, 2018 are the first financial statements that the Company has prepared in accordance with Ind AS. Refer to Note 4 for information of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of Profit & Loss and Statement of cash flow.

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis.

2.3 Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest rupees.

2.4. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2016 being the date of transition to Ind AS

2.5. Current versus non-current classification

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

2.6. Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognized in the period in which the results are known / materialized.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

2.7. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognized in profit or loss.

2.8. Impairment of assets

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amounts of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

2.9. Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Derecognition

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

Depreciation

Depreciation on property, other than Plant & Machinery is calculated on the basis of Written down Value Method. In case of Plant & Machinery, depreciation is provided on Straight Line Method (SLM) basis. The depreciation on Property, Plant and Equipment are calculated as per Schedule II of Companies Act 2013.

Depreciation on property, Plant and Equipment purchased/sold during a period is proportionately charged for the period of use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.10 Financial assets

Initial recognition and measurement:

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Subsequent measurement:

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

Classification of financial assets:

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

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

All other financial asset is subsequently measured at fair value.

Financial assets at cost:

Investments in subsidiaries, associates and joint ventures are accounted for at cost.

Derecognition of financial assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2.11. Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Trade and other payables are recognized at the transaction cost, which is its fair value, and subsequently measured at amortized cost.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.12 Inventories

Inventories are valued at lower of cost or net realizable value .Cost comprises of cost of Purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First-in-First-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13.Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.14. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.15. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

a) Sales including export sales and trading sales are recognized when goods are dispatched from the factory and are recorded at net of shortages, claims settled, rate differences, rebate allowed to customers.

b) Export Sales are booked at the rate on the date of transaction and the resultant gain or loss on realization on transaction is accounted as Exchange rate difference and is dealt with Statement of Profit and Loss.

2.16. Export Incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.17. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

2.18. Employee Benefits

(a) Short Term Employee Benefits

Short term employee benefits are recognized as an expense in the Profit & Loss Account of the year in which the related service is rendered. However Bonus has been accounted on cash Basis.

(b) Post-Employment Benefits

Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss Account in the year of payment.

2.19.Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from 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 reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

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

2.20.Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the company's earnings per share in the net profit for the period.

3 Significant accounting judgments, estimates and assumptions

The application of the Company's accounting policies as described in Note 2, in the preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2016, the date of transition to Ind AS and as of 31st March, 2017.

Key Sources of estimation uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.1 Useful lives of property, plant and equipment

Useful lives of property, Plant & Equipments are taken as per useful lives given in Part-C of Schedule II to the Companies Act, 2013.

3.2 Investments

In case of investments, the Management assesses whether there is any indication of impairment in the value of investments. (Refer note 38).

3.3 Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961. Deferred tax assets recognized to the extent of the corresponding deferred tax liability.

4. First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2018, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, 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 April 1, 2016 and the previously published Indian GAAP financial statements as at and for the year ended March 31, 2017.

Exemptions applied

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